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SPECIAL NOTICE

Effective 1 June 1987 JPRS reports will have a new cover design and color, and some reports will have a different title and format. Some of the color changes may be implemented earlier if existing supplies of stock are depleted.

The new cover colors will be as follows:

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The changes that are of interest to readers of this report are as follows:

The SOUTHEAST ASIA REPORT (SEA) will be titled EAST ASIA/SOUTHEAST ASIA (SEA).

The JAPAN REPORT (JAR) will be titled EAST ASIA/JAPAN (JAR).

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KOREA: KULLOJA (AKU) will be issued as a separate series under EAST ASIA.

VIETNAM: TAP CHI CONG SAN (ATC) will be issued as a separate series under EAST ASIA.

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11 JUNE 1987

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SOUTHEAST ASIA

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FORMER PM VIEWS CURRENT TRADE ISSUES

Melbourne THE AGE in English 6 May 87 p 13

[Article by Malcolm Fraser, former Liberal Party Prime Minister of Australia from 1975-1983: "Outsiders Should Unite To Fight the Trade War"]

[Text]

WE now have a trade war, 1930s-style. If current policies continue breakdown is certain. Japan has become the kicking boy. In the United States and Europe, there are many who say: "Japan's fault".

In trade wars all participants are at fault. There is little profit in apportioning blame but President Reagan's policies are responsible for much of the US problem.

Attempts are being made to get the new GATT round moving. I am totally cynical of GATT being able to reverse present trends. GATT has been reasonably effective in reducing tariffs on industrial goods traded between industrial states but is not structured to deal with the problems posed by newly industrialising countries. It doesn't at present cover services, commodities or agriculture.

While tariffs on industrial goods have come down, agricultural protection has risen by 250 per cent, and this year the European Community and the US, either by direct subsidy or by price support schemes, are subsidising agriculture to the tune of \$120 billion. These aspects have impoverished much of the Third World.

Let me give one example. Without subsidies, no sugar would be produced in Europe or the US. As a consequence, a very large number of developing countries, dependent on sugar, would be able to stand on their own feet.

Agriculture has been listed, with Europe's agreement, for discussions in this GATT round. I believe that to be no more than a tactical manoeuvre. At a later date, one or other of the main European states will exercise their de facto right to veto proposals they don't like.

What should we do, especially the developing countries, agricultural and commodity traders?

First, we ought to combine to strengthen our negotiating position. We should give GATT and the European Community one last chance. Tests should be established, against which the performance of both GATT and particular countries would be measured.

A number of basic decisions should be taken before the end of 1987:

- Any country concerned about the present situation should be prepared to commit itself not to increase any protection against any other country.

- Agriculture should be put on a fast track for early decision.

- All export subsidies should be phased out within three years.

- Anti-dumping rules should apply to all trade, agriculture as well as industrial, by the end of the same period.

- Agriculture protection should be reduced to the general level of industrial protection over five to seven years.

If the European Community and the US are not prepared to agree to these elements, countries of the Asian-Pacific theatre should make their own arrangements. Working alone we are defenceless, working together we give strength to our arm.

Within a few years, even without China, we would have an economy larger than the European Community. Countries in this region should talk about mutual trade arrangements now; we should not wait. Participants should not be chosen by ideology. A country's willingness to enter a more open and equitable system should be the basis of involvement.

The objective should be to establish a new trade association, with rules somewhat similar to the basic rules which I indicated for the test of GATT's credibility.

Any participating country should be prepared to commit itself to no increases in protection

against any other participant. We must be prepared to agree that anti-dumping rules would apply to all trade and not just to industrial trade, as occurs now.

No member state would import dumped products from any source. There should be a commitment in principle to negotiate an end to "illegal" protections under GATT, to negotiate reductions in general levels of protection and to establish common tariffs for dealing with non-members. The most favored nation principle must be preserved.

Higher levels of protection could be imposed on any country that continued to subsidise exports to any other country. That has particular relevance for the European Community and the US.

While I have indicated that countries in the Asian-Pacific theatre could initiate such a trade association, and indeed will be forced to if GATT and Europe do not change their ways, the rules that I have indicated do not have to have a geographic implication. Any state that accepts the rules should be able to join the association.

The association would thus demonstrate that it is not restrictive, that it wishes to preserve the multilateral system of trade, and that it is opposed to bilateralism which has become so much a part of the dealings of major states.

Clearly negotiations would be difficult, but not more difficult than the present circumstances with which we are faced and those which we will confront.

The alternative is to play the European Community rules,

which are framed to maintain the European Community's power, regardless of the consequences for other states.

The wise men of the immediate post-war years, in establishing the International Monetary Fund, the World Bank and GATT ushered in a new international economic order, quite different from the chaos of the thirties. That the fabric of what they did has now broken down is not their fault. It was caused by weakness of government and lack of perception.

If anti-dumping rules applied to all trade, agricultural and commodities as well as industrial, a major advance would be achieved — almost a new economic order. That is a sobering thought for the leaders of advanced industrial states, who always lecture the Third World about economic incompetence.

We should, in fact, challenge those states to live and let others live by the principles they pretend to follow: an open, multilateral trading system, more open markets, division of labor, private enterprise and competition.

Such principles, if they are valid, must apply to all trade, not just industrial trade. So often, the large industrial states seem to be saying to almost everyone else: these are wonderful rules, they are great principles, but the benefits of those principles are only to apply to those who have already arrived in a state of wealth and affluence.

● Mr Fraser was Liberal Prime Minister of Australia from 1975 to 1983.

ETHNIC AFFAIRS MINISTER HITS 'RACIST' ON PRO-LIBYAN ACTIVITIES

Brisbane THE COURIER MAIL in English 5 May 87 p 1

[Text]

CANBERRA.— A former Brisbane man was described in Federal Parliament yesterday as a "white racist supremacist" behind calls for a separate black State and passport system in Australia.

The Aboriginal Affairs Minister, Mr Holding, said Mr Robert Pash, 25, was a "Right-wing political racist loony" who advocated anti-Semitic policies "in the great tradition of Goebbels and Hitler".

He said it was clear Mr Pash was "on the Libyan payroll".

Mr Holding said Mr Pash was trying to stir racial tension within Australia. He was using Tasmanian Aboriginal activist Mr Michael Mansell to create strife.

Mr Holding said he had known Mr Mansell for many years and never heard him say that Aboriginal people wanted their own separate nation and passport system.

"I caused inquiries to be made to discover the source of Mr Mansell's new-found policies," he said. Those inquiries made it clear Mr Mansell was either "singing for his supper" or being run by Mr Pash, he said.

Mr Mansell last month became embroiled in controversy when he attended a conference of revolutionary groups in Libya. Mr Pash handled the trav-

el arrangements for six Australians, including Mr Mansell, to attend the four-day conference in Tripoli on April 15.

It was organised by the Libyan-based World Centre Against Zionism, Racism and Imperialism, which names as its chief patron, Colonel Muammar Gaddafi.

Mr Holding said Mr Pash spoke for the Australian People's Congress, which previously operated as the National Vanguard, whose objectives were outlined in a pamphlet called Racial Comrades of the Left.

These included "self-determination for all peoples of good will" and "maintenance of the biological integrity of the white race by a complete geographic and political separation of the races" and "international white unity", he said.

Mr Holding tabled the documents but said he would not quote further from them because it would cause "great pain to many sections of our own Australian community". He said the statements were similar to those made in Hitler's Germany.

Mr Pash's mother, Marcia, said at Birkdale, Brisbane, last night she believed her son was in Melbourne, and not available for comment.

Asked if she believed he was trying to stir racial tension in Australia she said: "I doubt it."

But she would not comment in any other way about her son's pro-Libyan activities.

In Hobart, Mr Mansell yesterday said he would resist a growing campaign to remove him from his job as an Aboriginal lawyer for the Department of Aboriginal Affairs over his Libyan contacts.

He said the department had begun to smear him and were searching for an excuse to sack him.

Mr Mansell said Mr Holding was trying to divert attention away from the very point of his Libyan trip — to expose the Australian Government's weaknesses in responding to the needs of Aborigines.

He said he first met Mr Pash when he boarded the plane to Libya.

At the weekend, Mr Mansell said he planned to return to Libya in June to seek financial support for Aborigines. He said Colonel Gaddafi was a friend and a brother of Aboriginal people.

In Wellington yesterday, the New Zealand Prime Minister, Mr Lange, hinted that the Australian Foreign Minister, Mr Hayden, might have overreacted to a perceived Libyan threat in the South Pacific.

Mr Lange described the situation as containable. Speaking in detail for the first time about his secret meeting with Mr Hayden on Friday, Mr Lange said he knew more than Mr Hayden about Libyan ambitions in the region.

Mr Hayden, now on three-week trip to Europe, has been accused on both sides of the Tasman of overdramatising the Libyan issue by flying out of Canberra at 3 a.m. to meet Mr Lange behind a security veil at Ohakea air base 150 km north of Wellington.

A radio report monitored in Rome yesterday, the official Libyan news agency Jana said any Libyan presence in the South Pacific was aimed at establishing relations "for fruitful co-operation" in the region.

Mr Pash said in Brisbane last year after the American bombing raid on Libya that the United States President, Mr Reagan, was a madman and terrorist and that he believed Colonel Gaddafi had a clean slate on acts of international terrorism.

He said the problem was that Gaddafi supported revolutionary groups seeking justice for their people.

Mr Pash said at the time people wanted to know the real story behind the events leading to the US attack.

NEED FOR DIPLOMACY, TACT AGAINST LIBYAN 'INTRUSION' SEEN

Melbourne THE AGE in English 8 May 87 p 13

[Editorial: "Libyan Stir Needs Tactful Response"]

[Text]

IN responding to the Libyan threat in the South Pacific, the Foreign Affairs Minister, Mr Hayden, faces a delicate problem similar to that confronting the Health Minister, Dr Blewett, in dealing with the menace of AIDS — how to sound an alert without either provoking alarm or sacrificing credibility. Mr Hayden's dramatic flight to New Zealand last Friday brought accusations that he was overreacting to the Gaddafi factor, especially after the NZ Prime Minister, Mr Lange, sought to play down both the significance of the early morning meeting and the magnitude of the Libyan intrusion. However, Mr Lange has his own reasons for playing cool on the Libyan problem. He does not want to jeopardise New Zealand's lucrative trade with Libya's good friend, Iran; he does not wish to upset the island states in New Zealand's sphere of influence, and it is good politics for him to distance himself from Australia and its American ally.

Evidence filtering from intelligence sources in Canberra now gives substance to Mr Hayden's display of concern. It emerges that Libya is to provide specialist training for at least 70 activists from the militantly "non-aligned" island state of Vanuatu in the use of firearms and explosives, "protective security" and political indoctrination. It is also feared that Libya has supplied weapons to Vanuatu for possible use by dissident groups for terrorist operations in neighboring states, or by extremist factions of the ruling party headed by the ailing Father Lini in Vanuatu. Vanuatu is sympathetic to pan-Pacific Melanesian nationalism, the independence movement in French-controlled New Caledonia and rebels on the Papua New Guinea border with Indonesia. Libya, with or without Soviet encouragement, has a perverse interest in exacerbating regional tensions to destabilise Western security.

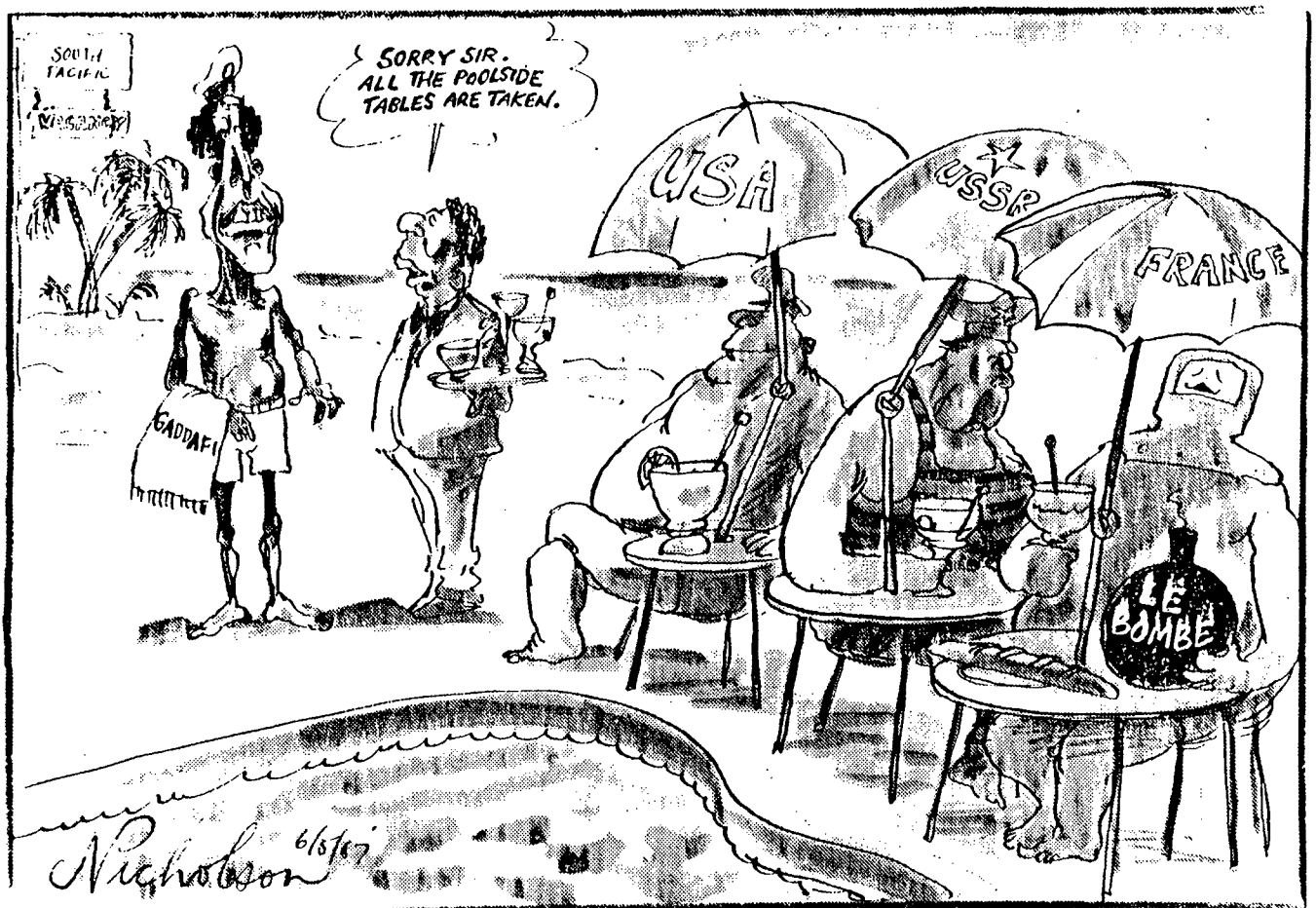
The dilemma for Australia and its less enthusiastic neighbor New Zealand is to contain or counter the mischievous Libyan influence (and manifest Soviet presence) without offending the sensitivities of the smaller members of the South Pacific Forum. Mr Hayden and his officials will have to exercise diplomacy and tact in asserting Australia's interests and supporting the island states in resisting external interference in this region.

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CSO: 4200/589

CARTOON ILLUSTRATES RESISTANCE TO LIBYA SOUTH PACIFIC MOVES

Melbourne THE AGE in English 6 May 87 p 13

[Cartoon]



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CSO: 4200/589

BISHOPS REIGN IN 'RADICAL' PEACE, JUSTICE COMMISSION

Melbourne THE AGE in English 8 May 87 p 13

[Article by Edmund Doogue: "The Bishops Catch an Agency Which Got Away"]

[Text]

THE Roman Catholic bishops have finally seen fit to end what would have been, if crucial questions of ideology and badly needed aid for the third world had not been at stake, one of the more amusing squabbles in Australian church history.

The squabble ended yesterday with some of the hysteria which has characterised the conflict during the past 10 years — on one side the bishops were accused of caving into the New Right and of provoking a division which will bring about a dangerous split in the church; on the other side Catholic conservatives privately expressed delight at the thought that the bishops had finally done away with the trendy Marxists who are damaging Christ's sacred church.

Both reactions are, on a close reading of the facts, unwarranted. But the greatest irony of all is that most Catholics are not in the least interested in the dispute.

Two organisations have been involved: the Catholic Commission for Justice and Peace, an agency set up by the bishops to advise them on social issues, and the National Civic Council, which is without official backing but has a strong influence in the pews, particularly in Melbourne. The struggle between the two reached its height last year when Project Compassion, the church's annual appeal for the poor overseas, came under attack from the NCC and conservative Catholics.

The commission, with 12 members and a small staff appointed by the bishops, has become the most controversial group within the Australian Catholic Church. It was set up in 1968 with funds from Australian Catholic Relief, which runs the church's assistance for the overseas poor, partly through Project Compassion. In 1972 the commission was given its own secretariat, and that has been part of the problem which led to its scrapping this week.

The main vehicle of the campaign against the commission and Australian Catholic Relief has been the NCC journal 'News Weekly', in which the council's president, Mr B. A. Santamaria, regularly accused the commission of holding a "quasi-Marxist viewpoint" on social issues and condemned Australian Catholic Relief for helping organisations with alleged communist links, notably in the Philippines.

The commission has over the past few years rather naively played into Mr Santamaria's hands by its idealistic confrontations with the establishment. Its 1985 social justice statement called for a review of the Anzus treaty and cancellation of the lease for the US military base at North West Cape in WA.

The bishops gradually distanced themselves from the commission's controversial statements. Late last year they told the commission they could

not publish a report it had prepared on industrial relations as their annual social justice statement..

In March this year the Anglican Church's Social Responsibilities Commission withdrew from a plan to release a joint bicentennial statement on Aboriginal land rights, partly because it disagreed with the radical ideas of its Catholic counterpart.

Many Catholics have asked how a group appointed by the Catholic bishops, who are far from radical, could have produced such strong political statements.

The answer is that the commission's seven-member secretariat largely ran the organisation alone. The bishops, who in theory had authority over the commission, gave the secretariat a free run.

The secretariat's members saw themselves as a persecuted minority whose job was to propagate radical ideas, which they said were Gospel-based, and to fight conservative influences like the National Civic Council.

While the commission was busy confronting authority, its role of educating ordinary Catholics seems to have been forgotten. The irony is that the commission behaved like the National Civic Council. Neither was truly representative of most Catholics, but each has done its best to spread its ideas to maximum effect.

After endless calls for the bishops to scrap the commission and issue statements in their own names, the hierarchy commissioned a review of the organisation last year. The report, by Monsignor James Nestor, of Perth, was made public yesterday. It calls for the bishops to have a much tighter control over statements that are issued in the church's name. It also implies that statements should be more representative than those issued by the commission. However, Monsignor Nestor rejected accusations that Australian Catholic Relief had helped communists overseas.

The bishops have welcomed the report. In future social justice

statements will be approved by a group called the bishops' committee for justice, peace and development, which will also oversee the work of Australian Catholic Relief and a new organisation called the Australian Catholic Social Justice Council, which replaces the commission.

THE bishops' committee will be made up of six largely conservative bishops, including Bishop Joseph O'Connell and Bishop-elect George Pell, both of Melbourne. More extreme conservatives have significantly been omitted from the committee.

Monsignor Nestor's report and the new structure indicate that the bishops themselves will give more emphasis to social justice. The dismantling, not only of the commission but also of the previous committee of bishops overseeing it, suggests to some Catholics that the bishops concerned did not fully control the commission.

The final irony of the squabble is that, in terms of finance and commitment, the CCJP was a drop in the ocean. Its budget for this financial year was \$273,000, which paid for a staff of seven, meetings, travel and publicity. It is astonishing that a group on such a small budget got so much publicity. If future statements by the Catholic bishops attract as much coverage, they will be getting value for money.

The new group will certainly be less radical and closer to the attitudes of middle Australia. Although social activists within the churches may regret the passing of the commission as a group which was ready to attack the sacred cows of Australia society and politics, its replacement may have a better chance of awakening the Catholic mainstream to issues which all Australians must face.

On the negative side the future pronouncements on justice and peace will not provoke the debate that commission statements have aroused. They might be so tame and so immersed in the vague religious language which comes so naturally to the bishops that they will be ignored by all, especially middle Australia.

DAILY REGRETS BUILDERS WAGES DEAL

Melbourne THE AGE in English 8 May 87 p 13

[Editorial: "Builders Disappoint, but Do Not Surprise"]

[Text]

IT was perhaps unrealistic to have expected any other outcome. Despite the explicit words of the national wage decision, the pressures exerted by the state of the economy and repeated coaching from the Arbitration Commission, the building industry has reached a wages deal long on money and short on justification. The building unions and employers have followed the traditional four-step path of claim-intimidation-protest-concession which has been travelled in all recent wage settlements in the industry. This time it was hoped the result would be a little more imaginative but, for a variety of reasons, it has not been. It now remains for the Arbitration Commission and the Federal Government to turn the deal into something acceptable and at the same time to give a clear signal to other unions and employers (most importantly those in the metal industry) that wage rises cannot be extorted or given away in exchange for vague promises of industrial peace. They must be earned by increasing efficiency and productivity.

The wages negotiations have been complicated by other economic and industrial factors. Interest rates remain high and builders are reluctant to see their sites and equipment idle. They also know that the escalation clauses in building contracts allow them to pass on any wage rise that is approved by the Arbitration Commission. The spectre of the Builders' Laborers Federation has loomed over proceedings. A low wage agreement would make the unions vulnerable to infiltration by former BLF officials at elections in the coming months. No one in the industry wants to see the BLF gain a foothold and this, undoubtedly, has made the unions a little more militant than they might otherwise have been. It does not justify the settlement and it would be a disaster if it spread in its present form throughout the labor market.

There is some concern that the metal industry may be having difficulty with its wage talks. Metal rates set the standard for millions of workers across the country. The wage discussions in the metal industry are considerably more important than those which have occurred in the building

sector. They must not be allowed to degenerate into the conflict that has characterised metal industry "negotiations" so often before.

It is unrealistic to expect the employers and unions in these two industries to change overnight but change they must. For that to happen, they will need constant supervision and correction from the Arbitration Commission and, on occasions, the Federal Government. It will be up to the commission, for example, to try to turn the dubious \$52 pay deal into something which matches the spirit and letter of the wage-fixing system. This could mean axing the \$20 redundancy payment. It could mean that the four per cent increase is granted, reduced or sent back for company-by-company justification. It must, however, mean that Australia takes a step towards a more economically rational wage-fixing system. The building and metal industries cannot be allowed to stand in the way.

/9317

CSO: 4200/589

INDONESIA

AUSTRALIAN FOREIGN MINISTER COMMENTS ON 'GOOD' BILATERAL RELATIONS

Jakarta ANTANA NEWS BULLETIN in English 4 May 87 pp A7, A8

[Text] Visiting Australian Foreign Minister Bill Hayden is of the view that bilateral relations between Indonesia and Australia remain good.

The smooth bilateral relations are reflected in the relationship between the two governments as well as in economic activities between the two countries, Bill Hayden told the press after he held talks with President Soeharto at Bina Graha here Monday morning.

The talks covered various bilateral, regional and international issues.

Concerning the Kampuchean problem, he pointed out that Indonesia and Australia shared the same view on the settlement of the problem.

He praised his Indonesian counterpart, Minister Mochtar Kusumaatmadja, for his endeavour to seek solution to the problem.

In this context, he pointed out that the Indonesian foreign minister had invited all sides involved to discuss and seek ways to end the conflict.

On behalf of Australian Premeir Bob Hawke, Hayden congratulated President Soeharto for what he had achieved in meeting the national interest of the Indonesia people.

He also discussed with the Indonesian Head of State the offshore seabed boundary between the two countries. This subject will be further discussed with Mochtar and by experts in seabed boundary, according to Hayden, who was on the occasion accompanied by the Indonesian foreign minister.

/13104

CS0: 4200/576

LARGE SCANDINAVIAN LOAN EXPECTED

Jakarta ANTARA NEWS BULLETIN in English 8 May 87 p A5

[Text] The Nordic countries in their bid to expand economic cooperation with Indonesia, have expressed willingness to extend a loan totalling US\$ 50 million to Indonesian businessmen having difficulties in financing their investment projects.

This was disclosed by Junior Minister for the Promotion of Domestic Products concurrently Chairman of the Capital Investment Coordinating Board (BKPM) Ginandjar Kartasasmita after breaking the fast here together with newsmen here Thursday evening.

He said the projects, such as those having to do with canned food, timber processing and the argo-industry, agreed to be financed by those countries through the Nordic Investment Bank (NIB), have already been propsoed by Indonesian businessmen.

For the realisation of the loan, an Indonesian delegation will be sent to the Nordic countries early next month.

The Indonesian delegation will attend a conference in Copenhagen on Nordic-Indonesian Project and Investment (NIPIC).

Nordic investments in Indonesia at present are relatively still small, consisting of 10 projects worth US\$ 158 million. These comprise five Danish projects worth US\$ 71 million, three of Norway estimated at US\$ 24 million, and Sweden and Finland each have one project respectively worth US\$ 13 million and US\$ 50 million.

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CSO: 4200/576

COUNTER-PURCHASE CONTRACTS WITH CANADA

Jakarta BUSINESS NEWS in English 1 May 87 p 5

[Text]

Canada ranks third after West Germany and Japan in counter purchase contracts for the supply of goods to the Indonesian Government. The fulfilment of the counter purchase obligation by Canadian suppliers had till January 1987 reached 97.03%.

The counter purchase obligation of seven Canadian supplier companies is worth US\$ 213.47 million while the realization of the contracts had till January been worth US\$ 207.14 million.

Twenty-four countries with 149 suppliers have been involved in counter purchase contracts with the Indonesian Government. The total counter purchase obligation of the 149 companies is worth US \$ 1,711,399,713.49. Thus the share of Canada in the counter purchase obligation with Indonesia is 12.17%.

The fulfilment of the counter purchase obligation by the seven Canadian companies had till January covered about 14.65% of the obligation of the 149 companies as whole, which had up to January reached US\$ 1,413,280,443.98.

Indonesia's non-oil/gas commodities involved in counter purchase contracts with Canada include: plywood, sawn timber, blockboard, railway sleepers, rubber, resin black tea powder, tin, coconut oil, palm oil, palm stearine, fatic acid, palm acid, glycerine, black pepper, urea, cement, steel plate and steel rod.

ADB AID FOR NES PROJECTS

Jakarta BUSINESS NEWS in English 6 May 87 p 7

[Text]

The Asian Development Bank has approved a technical assistance grant to Indonesia for the West Java Nucleus Estate Smallholder Tea Rehabilitation Project.

The main objectives of the technical assistance are to formulate a smallholder tea crop rehabilitation project following the nucleus estate concept of smallholder development in the province of West Java.

The technical assistance will assess the technical, economic, financial, trade and institutional feasibility of the project. The resulting project is expected to increase production of quality tea, improve smallholder income, create employment and generally improve living conditions of the rural poor.

About 15 man-months of consultant services will be required to complete the study. A consulting firm will be engaged to render the services. Specialists will be required in the disciplines of tea agronomy, processing, civil/mechanical engineering, marketing, institution management, credit, environmental protection & economic and financial analysis.

Selection and engagement of the consulting firm will be in accordance with the Bank's Guidelines on the Use of Consultants. The Executing Agency will be the Directorate General of Estates (DGE) under the Ministry of Agriculture. The study is expected to be completed in about five months.

NUCLEAR ENERGY SELF-SUFFICIENCY EYED

Jakarta ANTARA NEWS BULLETIN in English 2 May 87 p A2

[Text] Indonesia is trying to become nuclear self supporting in the hope to have its first nuclear power plant by early 1989, it was disclosed here Friday.

Director General of the National Atomic Energy Agency (BATAN) Djali Ahimsa told a gathering of the Information Ministry officials that the agency has made preparations to develop energy resources including nuclear energy.

He said that the development of nuclear energy was aimed at mastering nuclear science and technology as well as nuclear materials to become a nuclear self supporting country.

The nuclear development activities included basic and applied science, isotope, radiation, energy and reactor technology, fuel recycling technology as well as institutionalization and supervision.

Djali said a feasibility study for the construction of a nuclear power plant had been carried out 1978-1979, the result of which was submitted to the government in April 1980.

According to the study, the first nuclear power plant was expected to be in operation by early 1983, Djali said.

The Energy Coordinating Board (BAKOREN) headed by the Minister of Mines and Energy had in 1981 however decided to delay the construction of the first plant.

BAKOREN then in 1984 agreed to renew the feasibility study by BATAN together with other agencies including the Agency for Assessment and Application of Technology (BPPT), the Directorate General of Electricity and Alternate Energy, the Directorate General of Oil and Gas as well as the state run electricity company (PLN).

The renewed study was carried out in cooperation with several foreign consultants including those from Bechtel of the US, Sofratome (France) and the International Atomic Agency.

The nuclear facilities which were available in Indonesia were the Nuclear Technology Study Center, a main installation of the nuclear reactor having a capacity of 1 MW and the nuclear laboratory in Bandung.

The facilities which are available in Yogyakarta included the main installation of a nuclear reactor having a capacity of 250 KW, the atomic physics and chemical laboratory as well as nuclear instruments.

Available at Pasar Jumat here is an isotope and radiation study center complete with a main installation of gamma irradiation as well as facilities for standardization and study for radiation safety.

At Serpong, West Java, there are multipurpose nuclear reactor at the capacity of 30 MW and Nuclear Fuel Element Center.

Study on the application of nuclear power in the field of agriculture, animal husbandry, health and food conservation has been carried out resulting in among others the invention of two superior varieties of rice and soybean.

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CSO: 4200/576

POSSIBLE BOT FINANCING FOR NUCLEAR POWER PLANT VIEWED

Jakarta BUSINESS NEWS in English 6 May 87 pp 3, 4

[Text]

In coincidence with the visit of the President of Japan's giant company, Mitsubishi, Minister of Research and Technology Prof. Habibie has revealed the use of the B.O.T. financing method, which according to plan will be applied to the development of a nuclear power plant (PLTN). B.O.T. stands for Build, Operate and Transfer. Based on this principle, Mitsubishi or other contractors will build the PLTN with their own funds, then operate it by selling the electric power produced to PLN (State Electricity Corporation) for distribution, and finally -- say, after fifteen years -- transfer the plant to the government, which will thus become its owner.

As described by the Research Minister, the pattern of financing is indeed very attractive. This pattern will be adopted because the cost for its development is "very big". But according to this method the "very big" cost is to be borne by Mitsubishi or other foreign firms that may win the contract. The government will spend nothing at all to finance the construction of this project.

After its completion and operation to produce electricity, this product is sold to PLN, which will distribute it to the public. The pattern of distribution is in line with the one so far followed, in which PLN constitutes the only agency entitled to sell it to the public.

Mitsubishi or other contractors will hopefully recover their capital -- naturally also with proper profit -- within around fifteen years. Thereafter, the PLTN will become state owned. And since according to the Research Minister the plant's economic age is expected to reach thirty years, the state will still receive income from this project for fifteen years.

The possibility of the PLTN being operated by the state for fifteen years can of course only be realised if several very important requirements are met. During the first fifteen years' operation the plant must be very carefully maintained. The question is now, how to create a mechanism that can guarantee most orderly maintenance. Contractors/developers who later have to transfer the project to the state naturally are not at all stimulated to do such maintenance. For them, the important thing is that the project can be operated and yield money as long as they still receive instalments and interest for their investments. The problem is not much different from "contract-build" cases of private houses that are rented or leased by contractors/developers for a certain period. In such cases owners of the houses frequently have their buildings back in very bad repair, because the materials used were actually chosen in such a way that they would only last for the fixed period. Hence, in the B.O.T. financing requirements should be laid down in such a manner that the use of PLTN for another fifteen years by the state can be guaranteed. A very high skill of negotiation will be needed in order to be able to include such terms in the contract.

But there is another implication of the B.O.T. financing pattern that is impossible to accommodate by means of contract terms or negotiating capabilities, because it is already inherent in or inseparable from the characteristic of the project itself. What we mean is that the product turned out by the PLTN -- i.e.

electric power -- according to plan will be sold to PLN and certainly be paid in the rupiah. Apart from the question of determining requirements with regard to prices or tariffs, contractors/developers of the project will of course transfer the payment into foreign currencies -- whether they are the US\$, yen, or DM, according to the contractors' countries of origin -- because they are supposed to recover their capital. Inevitably, the settlement of the capital and interest/profit will become a burden to be borne by the balance of payments, while in fact this balance of payments at present still has to shoulder a very heavy load. Furthermore, since the cost for the plant's construction is "very big", then the burden of capital instalments to be borne by the balance of payments will also be "very heavy". The case is different if the project financed by the B.O.T. method produces goods that can be exported and yield sufficient foreign exchange to repay the capital plus interest.

Just at the time when the balance of payments is now in a most difficult position, this inseparable implication from the B.O.T. financing pattern should receive maximum attention. Otherwise, there is the great danger that the pattern will increasingly strengthen the sensitive atmosphere of foreign currencies, which has of late been showing signs of recurrence.

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CSO: 4200/576

NATURAL GAS FIGURES

Jakarta BUSINESS NEWS in English 6 May 87 p 10

[Text]

The estimated remaining proven recoverable gas reserves in Indonesia at present is 80 trillion cubic feet (TFC), while the production of natural gas reached 1.58 TCF in 1985 and 1.63 TCF in 1986, Director General of Oil and Gas Sudarno Martosewoyo said when he opened a training course on oil and gas here recently.

Approximately 0.85 percent TCF is produced to fulfil the contracts for LNG exports, accounting for about 15.2 percent and 14.06 percent of Indonesia's export earnings in 1985 and 1986 respectively. Intensifying the use of natural gas requires careful planning and management and technologies involved in natural gas development, production and utilisation need to be improved and modernised, he said further.

Based on the results of the recent study on the Gas Utilisation in Indonesia, it is estimated that gas demand could grow to about 2.5 TCF per year by the year 2000, especially for power generation as well as light and medium industries in Java, according to the director general. Further study and confirmation for the application of natural gas in Indonesia is still needed, he stated.

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CSO: 4200/576

DECLINE IN INVESTORS' INTEREST DENIED

Jakarta ANTARA NEWS BULLETIN in English 4 May 87 p A4

[Text] Ginanjar Kartasamita, head of the Investment Coordinating Board (BKPM), denied the assumption that the interest of foreign businessmen to invest in Indonesia was decreasing.

"It is untrue that foreign businessmen are reluctant to invest capital in Indonesia. Foreign investments still continue to come and domestic investments have increased encouragingly," Ginandjar told the press after meeting with President Soeharto at the Bina Graha presidential office here Saturday.

He pointed out that according to the available data, foreign investments entering this country in 1986 totalled 826 million US dollars, 328.9 million US dollars of which came from Japan.

Compared to other East and Southeast Asian countries, the amount of foreign investments in Indonesia was quite big.

The data showed that foreign investments entering Singapore in 1986 stood at 230.1 million US dollars, Malaysia only 24 million US dollars, the Philippines 5.3 million, Thailand 67 million, Korea 115 million, and Taiwan 206 million US dollars.

During the first three months of 1987, Ginanjar said, foreign investments in this country have reached thrice the amount in the 1986's corresponding period.

"Of the amount, 81 million US dollars came from Japan," Ginanjar added without disclosing the 1987's figures.

He went on to say that 60 percent of the new investments will produce export-oriented products, so that it is expected that it could increase the country's foreign exchange earnings and expand job opportunities.

Ginanjar pointed out that the flow of Japan's investments to other nations, including to ASEAN and East Asian countries such as Taiwan, Hong Kong, Korea and RRC, tended to increase, resulting from the appreciation of the Japanese yen against other foreign currencies.

BRIEFS

TRANSMIGRANTS' FOOD PRODUCTION IN IRIAN--Jayapura, 1 May (ANTARA)--Food crops products from the transmigration areas in Irian Jaya played an important role in the province's food procurement, especially rice and soya beans which respectively reached 85 and 94 percent of the total production. Head of the province's Food Crops Office N.H. Nababan said to ANTARA here Thursday transmigrants resettling in Irian Jaya in 1986/87 totalled 45,365 families or around 104,854 people. The transmigrants occupied resettlement sites in six of the province's nine regencies. He also said that the average rice production in each transmigration area in Jayapura regency totalled 3,478 tons of 2.66 tons per hectare. Speaking about soya bean, Nababan said the province's total production was noted at 5,041.15 tons. Of the production, 4,952.7 tons came from the 4,285 hectares of plantation in transmigration areas. The province's total area of soya bean plantations was recorded at 5,252 hectares, Nababan concluded. [Text] [Jakarta ANTARA NEWS BULLETIN in English 1 May 87 p A4] /9274

AGRICULTURAL PRODUCT EXPORTS DROP--Jakarta, 1 May (ANTARA)--The exports of agricultural products in 1986 decreased in volume by 14.26 percent but increased in value by 25.40 percent compared with that in the corresponding period in the previous year. Data at the Central Bureau of Statistics (BPS), showed Friday that the exports of agricultural products in 1986 were recorded at 1,662,774 tons worth more than Rp1 8 trillion (U.S.\$1=Rp1,646). Whereas in 1986, the exports of the products stood at 1,939,256 tons valued at more than Rp 1.4 trillion. With its Rp 1.8 trillion export value in 1986, the agricultural sector shared 12.42 percent of the total national exports. The exports of certain agricultural products such as rattan, spices, frozen and fresh shrimps and cereals during 1986 showed a steady increase. [Text] [Jakarta ANTARA NEWS BULLETIN in English 1 May 87 p A9] /9274

CEMENT EXPORT TO PHILIPPINES--Ujungpandang, 2 May (ANTARA)--The Philippines is to import 12,400 tons of cement from Indonesia this month (May) to be delivered in two shipments, the cement company PT Semen Tonasa here announced Saturday. Chief director of the state-owned company Anang Fuad Rival said half of the imported volume or 6,200 tons had been shipped from Ujungpandang on the MV Pakalong Ulin, an Indonesian ship, Saturday, 2 May. The other half will be dispatched on another Indonesian ship, the MV Pakalong Maranti, on 12 May. Anang Fuad explained this was the first time that Indonesian cement was carried by ships carrying the Indonesian flag. He also said that Japan

had also made known its strong interest to import cement from Indonesia considering that importing the product from Indonesia would be cheaper than producing it in Japan itself. Marketing director of PT Semen Tonasa Abdul Rachman Supu meanwhile disclosed that the company planned to sell about 100,000 tons of cement to other countries this year. The target consumer countries are Bangladesh, Brunei Darussalam, Papua New Guinea, New Zealand and Australia. In 1986 PT Semen Tonasa exported only 7,000 tons of its total annual production of 860,000 tons. [Text] [Jakarta ANTARA NEWS BULLETIN in English 2 May 87 pp A4, A5] /9274

FRG LOAN FOR BUYING SHIP--Jakarta, 5 May (ANTARA)--Indonesia has received Rp100 billion in a soft loan from West Germany for the purchase of a 14,200 DWT passenger ship from the Jos L. Meyer shipyard in Germany. The agreement on the loan was signed here Monday by director general for foreign trade relations of the Indonesian Foreign Ministry Rusli Noor and West German Ambassador to Indonesia Theodor Wallalu. The loan was made available by the German Development Loan Corporation outside the IGGI loan from the West German government. The ship, the seventh ordered from the same dock, is scheduled to operate in November 1988, on the Sabang-Merauke route. [Text] [Jakarta ANTARA NEWS BULLETIN in English 5 May 87 p A5] /9274

ONLY SOFT LOANS ACCEPTED--Jakarta, 6 May (ANTARA)--Indonesia from now on will be willing to accept only soft and untied foreign loans in consideration of its current financial position, State Minister for National Development Planning Dr J. B. Sumarlin said Wednesday. Speaking to reporters before attending a meeting of cabinet economic ministers at the Bina Graha, he stressed that Indonesia will no longer accept any foreign loans that because of its terms and conditions would aggravate the Indonesian balance of payments situation. Indonesia will consider as soft loans those whose period of repayment is 18 years or longer with an interest rate of not more than 3.5 percent and a grace period of 7.5 years. Foreign loans that will aggravate the nation's balance of payments are the so-called "commercial loans" with term of repayment ranging from five to eight percent as well as very high interest rates. [Text] [Jakarta ANTARA NEWS BULLETIN in English 6 May 87 pp A4, A5] /9274

PARTICIPATION IN BULGARIAN TRADE FAIR--Sofia, 6 May (ANTARA)--Thirty-five companies from Indonesia are now participating in Bulgarian Spring Fair which is now taking place in Plovdiv city from 3 to 9 May. Bulgaria holds trade fairs twice a year, namely "Spring Fair" featuring general goods, and "Autumn Fair" displaying heavy industrial products and sophisticated technologies. Indonesia took part in those international events in 1978 and 1979 in a bid to boost the non-oil/bas exports to eastern European countries. Two trading houses, PT Rexford Pratama and PT Prima Comexindo, are among the 35 companies sent to the fair by the government this year in cooperation with the National Agency for Export Development and the Indonesian embassy here. During the trade fair, the Indonesian businessman and their Bulgarian counterparts are expected to make direct contacts. [Text] [Jakarta ANTARA NEWS BULLETIN in English 6 May 87 p A10] /9274

PRETORIA'S ATTACK ON ZAMBIA CONDEMNED--Jakarta, 7 May (ANTARA)--The government and the people of Indonesia strongly condemn an attack launched by the South

African regime against Zambia last 25 April, the Indonesian Foreign Ministry said in a statement issued here Wednesday. It said that the world once again was surprised by a South African military commando attack against Zambia in an area near Livingstone. Therefore, the Indonesian Government called on the international community to take firm action against the South African regime in Pretoria, it added. Such an action constituted a continuation of military action of the racist regime of South Africa and was against international norms, the statement said. Such an attack was also a violation of the sovereignty and integrity of Zambia and was against the United Nations Charter, it added. "The Government and the people of Indonesia express their sympathy to the Government and the people of Zambia over the attack which claimed several lives," the statement said. Once again the Indonesian Government expressed its support for the struggle of the Zambian Government to eliminate the apartheid political system from the face of the earth, the statement concluded. [Text] [Jakarta ANTARA NEWS BULLETIN in English 7 May 87 p A12] /9274

FERTILIZER EXPORT TO MALAYSIA--Samarinda, 7 May (ANTARA)--The East Malaysian farmers need urea fertilizers from East Kalimantan to increase their agricultural and plantation production. The East Kalimantan trade office told ANTARA Thursday that to meet the East Malaysian farmers' demand for fertilizers, the province had exported for the first time 400 tons of urea fertilizers to Tawao, East Malaysia, recently. The fertilizers were exported by PT Pupuk Kaltim, Bontang, through the Nunukan port, a northernmost sub-district town of the province sharing border with East Malaysia. The export are expected to be followed by other shipments. The Sabah and other Eastern parts of Malaysia, a vast oil-palm, cocoa and seconary crop plantations need fertilizers. Many Indonesian are hired to work in the plantations. East Kalimantan is the biggest fertilizer producing province in Eastern Indonesia. The state-owned fertilizer company, PT Pupuk Kaltim, is operating in Bontang. It is now expanding its Unit III, which is scheduled for completion in 1988. It has a production capacity of 1,710,000 tons of fertilizers annually. [Text] [Jakarta ANTARA NEWS BULLETIN in English 7 May 87 p A8] /9274

BRITISH MARINE NAVIGATION AID--Jakarta, 7 May (ANTARA)--An agreement on the supply of marine navigation aid for the Department of Communications has been signed here by Muchtaruddin Siregar of the National Development Planning Agency (Bappenas) and British Ambassador to Indonesia A. E. Donald. Authorized sources disclosed here Wednesday that the value of the order is approximately \$10.6 million. The cost will be financed by a soft loan at 3.5 percent interest over 25 years. The project is the second to be financed under the \$140 million UK-Indonesia concessional loan of 1986. The equipment comprises 15 major lighthouses, 27 light beacons and 222 light buoys. They will be delivered to Indonesia over the next 18 months. The assistance will be used to facilitate transport by sea of freight and passengers and to allow access by the merchant marines to previously inaccessible ports in the rural areas. The cost of appropriate training for staff of the Directorate General of Sea Communications will be covered in the project. [Text] [Jakarta ANTARA NEWS BULLETIN in English 8 May 87 p A5] /9274

MORE SUGAR MILLS TO BE BUILT--Jakarta, 8 May (ANTARA)--The government is planning to build another four sugarmills in an effort to increase sugar output to

2.3 million tonnes. The factories will be situated in Baturaja (South Sumatra), Ladongi (South Sulawesi), Los Palos (East Timor) and Paguyaman (North Sulawesi), a spokesman for the Ministry of Agriculture disclosed Thursday. The four sugar factories will cost about U.S.\$350 million or around Rp560 billion. It is still not known from where the government will get the fund to finance the construction of the factories. [Text] [Jakarta ANTARA NEWS BULLETIN in English 8 May 87 p A4] /9274

CSO: 4200/577

'TALK' SEES POLITICAL PERSECUTION, HARDSHIP IN U.S.

Vientiane PASASON in Lao 4 Mar 87 p 3

["Talk" Column by Keo Souvan: "Reality in the United States"]

[Text] Society in the West or, as it is called, the realm of the capitalists, often likes to talk and boast about human rights as regards politics, economics and society, and also about raising the living standard of the workers.

The United States is the principle culprit in this regard so that many people think that the United States is heaven on earth. Is it heaven or hell? What can actually be shown to be true about the much-discussed society of the United States?

Freedom and democracy were written into the U.S. Constitution, but actually the leadership in Washington does not allow the people freedom. The American peace groups which are struggling against the arms race and against the oppression and exploitation of the capitalists regularly face political charges. According to foreign news sources the leadership in Washington now has 70,000 political prisoners. In addition tens of thousands have been sent to mental institutions. Another cruelty is that the American government allows the capitalists to buy prisoners and use them in dangerous production areas in order to intimidate. The leadership in Washington has allocated an additional \$5 billion in order to build 626 more prisons (from the French newspaper HUMANITE').

According to the statistics of the social welfare organization in 1986 throughout the United States there were 15 million unemployed and 50 million hungry and homeless. Therefore it is not unusual to have beggars in big U.S. cities. And the picture of people pressed in line to receive food from religious organizations is familiar to Americans.

This is the reality of American society, but the power-holders in Washington, who are headed by Reagan, are not paying attention to this situation. On the contrary they are expanding the arms race; the military budget for 1977-1978 [1987-1988] is \$300 billion dollars and of this the SDI project ("Star Wars") has a larger budget than anything else.

This policy has made the United States the biggest debtor nation in the world. In 1986 alone the U.S. Treasury had a deficit of \$230 billion, and the United States had a trade deficit of many billions of dollars. But Reagan still deceives himself that the best times for the United States are just beginning.

CHAMPASSAK ECONOMIC REFORMS, TRADE WITH PRK VIEWED

Vientiane PASASON in Lao 5 Mar 87 p 2

[Article by Oudom: "The Champassak Trade Corporation Changes to the New System"]

[Text] In order to carry out the policies of the party, disseminate the intent of the resolutions of the Council of Ministers and fulfill the concept of General Secretary Kaysone Phomvihane, the Chairman of the Council of Ministers, adopted, on 4 and 5 August 1986, changes in the principle economic units, converting to a business system with fixed prices. The party committee of Champassak Province adopted a resolution agreeing to have four primary units experiment initially in changing to the business system according to the socialist system of economic administration.

The Trade Corporation of Champassak Province was one of the four units which joined this experiment. This corporation had a special goal which was different from the other units especially as regards the uniting of the four corporations affiliated with the trade service including the Grain Corporation, the Corporation Requisitioning Forest Products, the Meat and Fish Corporation and Trade Corporation. The work force of the corporation totalled 462. Its organization consisted of four offices: statistics and planning, accounting, administration, and the technical aspects of trade and traffic control. This last office consisted of nine production branches such as processing, repairing industrial goods, transportation, repairs, handicrafts and weaving, etc.

After the reorganization was complete, the fixed capital of the corporation on the inventory day amounted to 83 million kip, and the circulating capital amounted to 500,000 kip. In order to guarantee sources of goods for import and export, the corporation made contracts with 10 towns in Champassak Province and with other economic units; it signed obligations for domestic trade and for imports and exports with central authority and with nearby provinces such as: Savannakhet Province, Saravane Province, Sekong Province, and Vientiane City. As regards foreign trade it signed agreements with the comrade province of Nghia Binh in the SRV, with Ho Chi Minh City, with the comrade province of Stung Treng and the Kampeksim trading group of the People's Republic of Cambodia. There was friendship trade in particular with Ho Chi Minh City and with Pakse District; this was conducted under contracts with both ends and

began in the 4th quarter of 1986. This trade was conducted under contracts to export goods valued at almost \$2 million and import goods valued at \$1.83 million.

When one looks at the economic significance in this experimentation, namely that salaries be paid according to production and contract, one can see that it is progressive and effective. In order to keep this in line with real operations, the corporation will extend it to various units such as: the unit requisitioning coffee and forest products, the unit purchasing rice and livestock, the transportation unit, the unit selling goods, etc. The technical project related to production and the use of machinery is 60 percent complete. Generally speaking after the corporation changed to the business system, the state and the province administration allowed it operational and administrative control in trade. Therefore, the corporation developed additional 6-month and yearly plans to encourage the cadres and workers throughout the corporation to concentrate their energy on fulfilling the goals. All this has been the initial stage in running a profit oriented business at the Champassak Trade Corporation.

8149

CSO:4206/95

BOKEO PARTY IMPROVES, WIPES OUT 'WHITE' AREAS

Vientiane PASASON in Lao 27 Feb 87 p 2

[Article by Souvansai: "Party Activity in Bokeo Province"]

[Excerpt] Before improving the administrative organization, the party organization must first be improved from the province level down to the grassroots, and the provincial party organization, party committees at all levels, all party units and all party members must be strong so that other activities can be strong. In actual practice it can clearly be seen that: the section conducting the political life of the party and the masses and the opening of the section criticising and investigating strictly the activities and responsibilities of the party members who perform this function. Through the workings of these sections all party members are acquainted with actual conditions in each area, and in addition they have more of a sense of timing, and make corrections more promptly and appropriately than before in every activity. As regards the quality of the party members they all improved their ability in political theory and party policy, in particular the resolutions of the Third and Fourth Party Congresses. Through various drives in 1986 we made sure that the strength of the party for guidance increased in each area of activity. This was demonstrated when the organization was able to organize new party units which were in keeping with the conditions; it organized seven new units, increased the mass of outstanding people by various drives in 1986 when 62 entered the party, wiped out two "white" cantons, wiped out many "white" villages and also took care to improve the party in ideology so that the party members had a clear understanding of their commitment. In addition the party organization of this province took special care to strengthen and expand the party in strategic areas and on the border.

As has been said the strengthening and building up of the party in Bokeo Province in 1986 was carried out rapidly and correctly according to the principle of building the party in three areas simultaneously. This meant that every area in the province was basically peaceful.

8149

CSO:4206/92

ARMY FOOD SUPPLY OPERATIONS DISCUSSED

Vientiane PASASON in Lao 26 Feb 87 pp 2,3

[Article by Th. Somsamut: "A Corporation Which Fulfills Its Goals"]

[Excerpt] The Food Trading Corporation was officially established in April 1985. Its primary duty was the transportation of food and consumables. Another description would be that it carried out the policy of providing the army with supplies and items to sell for cash.

In the second year of the plan adopted by the corporation every level of the corporation has been improved. It has 91 cadres and workers, and of these 44 are women. It is organized in six departments. Although the corporation was just recently established, nevertheless in carrying out their duties during the past period of a little more than a year they have gradually acquired some of the basic equipment needs, such as 5 transport vehicles, 1 general use vehicle, 1 distribution point for various kinds of food which included 2 refrigerators capable of holding 1.5 to 2 tons of meat, fish and food for 24 hours and 1 goods distribution point handling the problem of consumables which served as salary for the cadres and combatants in Vientiane. In addition they also built three warehouses so that no goods would be lost or spoiled. These warehouses could hold from 500 to 800 tons of goods and food. They had two stockyards which could hold many hundred cattle, buffalo and pigs. The corporation set up a branch to requisition and barter for animals, which also distributed meat, fish and food to many units which were closely connected to its organization, namely: the financial planning unit, the goods and food unit, the transportation unit and the fuel unit. This was done to provide funds for requisitioning and bartering, to provide goods for distribution and payments, to assure a fuel supply and to transport goods and food from local units to the corporation. This was all necessary to allow them to do their duty.

In the summary of operations for 1986 the individual responsible for the corporation reported that in the past year while it was struggling to achieve many successes to honor the Fourth Party Congress, the national day on 2 December and the 38th anniversary of the founding of the army, the corporation treated the requisitioning and bartering as important activities and did a good job of supplying meat, fish and food and distributed consumables as salary to the cadres and combatants in Vientiane. This helped improve the

living standard of the cadres and combatants and assured that communal goods would not be lost or spoiled. For this reason in 1986 they were able to distribute goods and food worth 619.5 million kip and requisition almost 500 tons of cattle, buffalo, pigs and fish. Food preparation and sales of prepared items created an income of more than 14.8 million kip. Almost 720 tons of goods were transported from various localities to Vientiane and within Vientiane. In addition they repaired a cafeteria, assembled a boiler and finished 100 percent of a stockyard.

8149

CSO:4206/92

ECONOMIC REFORMS IMPACT ON ROUTE 9 CONSTRUCTION SEEN

Vientiane PASASON in Lao 27 Feb 87 p 2

[Article by Santiphap: "The New Life Along Route 9"]

[Excerpt] The smoothness, width, straightness and levelness of the highway, especially that section north of Phalan which had already been paved with asphalt, made it difficult to recognize which section was which when compared with the old Route 9. Along side the highway on both sides next to the temporary villages of the highway construction workers which had been built in various locations, there were more new villages of the people each year. But what was really new about Route 9 was not revealed in the pictures and speeches: the construction here has taken on a new life since they began using the new system for administering the economy, applying the basic principles of socialism such as "produce according to your ability and consume according to your labor" or "produce little - eat little, produce much - eat much", and allocating responsibility to individuals or production units by contract. This caused the production activities in the various branches to change dramatically; because they were operating according to the principle assuring the three advantages, the individuals, cooperative production units, state employees and specialists struggled happily to perform their duties. Now even at night one can see the workers working and hear the rock crusher. This new system has improved the lives and the work system of the workers and cadres. For example the income for January 1987 of the equipment repair shop was three times greater than that for January 1986 (before the new system). The monthly income of the workers averaged at least 5,000 kip. Members of the unit producing [crushed] rock for paving at Saloi (about 10 km east of Phin District) used to receive no more than 3,000 kip per month, but now the least they receive is 5,000 kip per month and some industrious people receive 12,000 kip per month.

Comrade Thongdam, a member of the administrative committee for construction on this highway, felt that "since we started to use the new system, the number of vehicles and equipment which has been destroyed has been reduced a large percent, and almost no one has used service vehicles for their personal use." Using economic levers like this has improved the rate and quality of work.

8149

CSO:4206/92

SUPPLY PROBLEMS, PROSPECTS FOR ROUTE 9 CONSTRUCTION

Vientiane PASASON in Lao 3 Mar 87 p 2

[Article by Santiphap: "Route 9 Before the End of 1987"]

[Text] No matter which major construction project it is, they are all proceeding according to their plans and goals. In particular our country is famous for the construction on Route 9 which is proceeding according to this schedule. We now know what Route 9 will be like before the end of 1987.

The goal which the workers and cadres working on Route 9 and we Lao working alone must accomplish before the end of this year is 30 km. But this is not a limit; in the various construction units there is talk among the workers and specialists about increasing this goal in order to reduce the difficulty for the following year (1988). This is a reasonable idea because if they only finish 30 km this year, then next year they will have a more difficult task. But they also know that paving square meters of highway with asphalt one after the other is no easy matter; this operation depends on the hard work and cooperation of various sections. If the large and small grade of stone is lacking, the paving unit will not be able to proceed with its work. If the stone [crushing] units at Toupmoup and Saloi do not receive fuel for their generators, production will stop. This problem of the stone [crushing] section not keeping up with the needs has been the subject of gossip at the paving unit. But when we interviewed the units producing [crushed] rock at Saloi and Toupmoup, they were determined to use all their intelligence and strength to produce and meet the needs. The leadership and related sections are working to provide sufficient fuel for the units producing [crushed] rock at all times. Relying on the attention of the leadership, the various production units learned about and used new economic methods. By holding fast to the tradition of hard work and bravery, these people, who are not afraid of sunlight, cold rain and the various dangers and who worked on this route which had been overgrown, twisting and full of shell holes every day until it was smooth and straight, were hoping to complete the bumpy section of road between Kangphalan and Donghen ahead of schedule. They felt that if they had the opportunity to begin on the plan or goal for next year, which involved a longer stretch, the more they finished the better it would be.

This year, 1987, will be a year of severe testing for the specialists and workers on Route 9. They have adopted a goal of paving 30 km or more with asphalt before New Year's Day as a present to the nation.

8149

CSO: 4206/92

CONSTRUCTION, FUNDING, CAPABILITY OF SAVANNAKHET HOSPITAL

Vientiane PASASON in Lao 26 Feb 87 p 2

[Article by Phou Vattana: "A Model For the People To Practice Their Right To Mastery"]

[Excerpt] The ideology for the 50 bed "2 December" Hospital of Khanthabouli District originated at a meeting on 17 January 1983. Members of the Lao Front for National Construction of Savannakhet Province and Khanthabouli District, members of various organizations, qualified people and the entire district administration joined in the meeting. They discussed three major projects and one of these was to build a hospital for the district which would consist of four connected buildings. Then the big question was: where would the construction funds come from and how would the project be organized? The answer was their empty hands. There were vigorous discussions by the people on the basis of the right of collective mastery, and in the end they agreed to rely on the solidarity and spirit of the people. Every tribe and every class of people in Khanthabouli District joined in the decision. Then the meeting appointed a chairman, a committee and subcommittees for the construction of the hospital and adopted 10 specifications for the project.

By mobilizing the multi-ethnic people and all classes in their district for almost a year, the committee members received support in manpower, materials and necessities until the end of 1983 when on 1 December construction began. The construction proceeded as planned, and the participation of the multi-ethnic people throughout the district and the corporations, state enterprises, units, services of provincial central authority, state stores, private stores and individuals in the town of Savannakhet kept it going. On 1 December 1986 it was finished according to plan after a construction period of 3 years, 8 months and 27 days.

The "2 December" Hospital of Khanthabouli District is located on the outskirts of the town of Savannakhet about 2,000 meters out to the southeast. It is a modern hospital with four connected buildings. It has a tile roof and 20 rooms. Each room is completely equiped with patient beds, fans and anesthetics for the operating room and there is a completely equipped pediatrics room. It also has a lodging house for the people with four rooms. The total construction cost was 13,134,000 kip. If the hospital had been built with capital directly from the state, it would have cost more than 50 million kip.

A total of 1,763,463 kip for the construction came from the multi-ethnic people of 13 cantons and from two foreign associations located in the town of Savannakhet; of this the people of Sounantha Canton provided 241,409 kip and the Chinese association provided 250,198 kip. Funds from corporations, units, associations, individuals and state and private stores totalled 1,192,939 kip. The contributions of materials, manpower and transportation from corporations, units, associations, individuals and various stores included 51 items with a value of 9,631,562 kip.

8149

CSO:4206/92

BRIEFS

DISTRICT MILITIA IN COMBAT--Banlong Canton is one of the cantons affiliated with Xieng Ngoen District of Luang Prabang Province. When one mentions this canton, guests or passengers from Luang Prabang to Vientiane or from Vientiane to Luang Prabang generally know it well because it is situated on the Ming River. During the past 11 years the guerrilla units of this canton have taken care constantly to build up and improve their forces both in size and quality. They organized more than 30 political courses and took military training on 10 occasions. They also conducted more than 90 sweeps for groups of plunderers in their area of responsibility. In addition to these operations in their own canton, in emergencies they also helped other cantons such as: Kiokacham Canton, the Nanan and Nameuang areas of Nan District and Choumkham Canton on more than 30 occasions. [Excerpt] [Vientiane PASASON in Lao 4 Mar 87 p 2] 8149

JAPANESE AID AGREEMENT--On 4 March 1987 at 09:00 at the Foreign Ministry there was a ceremony for the signing of an agreement for assistance from the government of Japan valued at Y642 million for the period 1986-1987. It is for projects to develop and renew the plains and the waterfront areas in order to help build up the economy and steadily improve the standard of living of the Lao people; it will also expand the friendship and cooperation between the governments and peoples of Laos and Japan which will steadily produce results. Mr Souban Saritthilat, the deputy foreign minister, represented the Government of the LPDR, and Mr Toshitaka Tada, the Japanese ambassador to the LPDR, represented the Japanese Government in signing these documents. High-level cadres from involved ministries and cadres from the Japanese Embassy joined the ceremony. [Text] [Vientiane PASASON in Lao 5 Mar 87 p 1] 8149

LUANG PRABANG YOUTH UNION GROWTH--In 1986 the activities of the LPRYU of Luang Prabang Province were strengthened and steadily expanded. Throughout the province there were more than 4,000 new members and 13 new units. This increased the membership to 10,800, which is 62 percent greater than 1985. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 4 Mar 87 p A6] 8149

BOLIKHAMSAI TIMBER SALES--In 1986 Timber Corporation No 2 of Bolikhamsai Province concentrated on carrying out its duties with the belief that its administration and timber exploitation were important for building the economy of the province; this work was intended to steadily increase the timber exports of the province. During this period they were able to send more than 7,000 cubic meters of unfinished timber to various factories which was worth

more than 57 million kip. They were able exceed their planned contribution to the state budget by 9 percent. In addition to distributing timber domestically the corporation also distributed it abroad in accordance with the plan to exchange goods with neighboring countries. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 24 Feb 87 p A7] 8149

SAVANNAKHET DISTRICT TAXES--The drive to sell rice and barter for goods from the state by the people of Songkhon District of Savannakhet Province was broadly based. Since the end of 1986 the trade [unit] of this district has bought and bartered for more than 1,700 tons of rice from the people which is 65 percent of the goal of 2,700 tons for the year. Last year the people of this district sold and bartered more than 2,200 tons with the state. Songkhon District was able to purchase and barter for rice so successfully because the wet field rice crop this year was greater than last year, the rice farmers were very aware and the trade network of the district's 45 purchasing cooperatives operated well. The payment of the agricultural tax of this district amounted to more than 1,000 tons, which was 26 tons over the goal and 200 tons more than 1985-1986. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 6 Mar 87 p A3] 8149

KHAMMOUAN ROAD REPAIR--Since December 1986 the people of Mahasai District of Khammouan Province have concentrated on repairing the highway from Mahasai District to Naphao Canton, which is more than 70 km long. They are now finished for the most part. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 26 Feb 87 pp A6,7] 8149

LUANG PRABANG COOPERATIVE MOVEMENT--Agricultural cooperative activity in Luang Prabang Province has increased. According to a survey at the beginning of 1987, there were 172 agricultural cooperatives throughout the province. These included 16.6 percent of the farm families throughout the province. [Excerpt] [Vientiane PASASON in Lao 28 Feb 87 p 1] 8149

CHAMPASSAK DISTRICT BANKING--In 1986 the people of Paksong District of Champassak Province deposited 2.34 million kip of their money in savings accounts at their district branch of the state bank. [Excerpt] [Vientiane PASASON in Lao 28 Feb 87 p 1] 8149

SAVANNAKHET TAXES, SALES TO STATE--By the end of February Savannakhet Province had brought in 8,360 tons of rice as payment of the agricultural tax and stored it in warehouses. It was also learned that according to initial figures this year the people of Savannakhet Province, who signed an agreement to barter 10,300 tons of rice for goods from the state, had by the middle of February completed 54 percent of the agreement. In 1987 the corporation for grain and food of this province will sell more than 9,000 head of cattle, buffalo and pigs to central authority. This has been done to steadily improve the living standard of the multi-ethnic people. [Excerpt] [Vientiane PASASON in Lao 26 Feb 87 p 1] 8149

CSO: 4206/92

KUWAIT CONSIDERS INCREASING INVESTMENT, DIRECT TRADE

Kuala Lumpur UTUSAN MALAYSIA in Malay 16 Apr 87 p 1

[Article: "Kuwait Plans To Increase Investment in Malaysia"]

[Text] Kuala Lumpur, 15 April--Kuwait plans to increase its investment in this country for a number of joint ventures in the agricultural, furniture manufacturing, and petrochemical industry fields.

That country would also like to expand direct trade with Malaysia without going through a third country. Sheikh Abdullah Ali al-Mutawa', head of the investment delegation which is visiting this country, provided this information in a press conference held in the Prime Minister's Department (JPM) here today. The five-person delegation, which arrived here last night, consists of prominent Kuwaiti businessmen. Earlier they held discussions with Mr Anwar Ibrahim, minister of education, at the JPM.

According to Sheikh Abdullah, the visit of this investment delegation is more on the order of a fact-finding mission for investment opportunities that might exist in Malaysia as well as for expanding direct trade.

"Our visit is the first step toward determining what real opportunities exist for investing in joint ventures in this country and, God willing, we shall arrive at some decisions after we have held a number of discussions," he said. Earlier, the Kuwaiti investment delegation had held discussions with Mr Daim Zainuddin, minister of finance, and this afternoon it met with Prime Minister Datuk Sri Dr Mahathir Mohamad. He informed them that a seminar on trade will be held here during the first week of November for businessmen from Arab nations.

Meanwhile, Nasir Subiei, a member of that delegation, felt Malaysia was a more stable nation for investment than other nations in this region.

Nasir Subiei, who plays a role in the financial and hotel fields, also said he was confident that a number of joint ventures could be entered into with local businessmen.

PAS CHIEF ON DIALOGUE WITH UMNO

Kuala Lumpur BERITA HARIAN in Malay 11 Apr 87 p 6

[Article: "Dialogue To Resolve Divisiveness"]

[Text] Kuala Lumpur, Friday [10 April]--The PAS's [Pan-Malayan Islamic Party] readiness to hold a dialogue with the UMNO [United Malays National Organization] is sensible and is also taking the long view, Haji Yusof Rawa, PAS president, said today.

"Our willingness to hold a dialogue with the UMNO results from the long view we are taking in our political activities," he explained when officially opening the 33d PAS Congress held at the Training Center in Taman Melewar here.

Haji Yusof said the PAS decided on a visible way to hold the dialogue and members did not have to be concerned about the party's ability to handle it.

"We do not intend to profit from this dialogue. All we expect is to have an opportunity to offer our support to the people and to the state," he said.

According to Haji Yusof, the PAS expects the dialogue with the UMNO to be held soon, perhaps after the UMNO's General Assembly.

Haji Yusof feels PAS's readiness to hold a dialogue should be seen as an attempt to really try to settle the question of divisiveness of the Muslim community who now reportedly are "tired of it all."

Fitting

"It is important for us to adopt an attitude which brings about the unity and integrity of the Muslim community," he said.

He said it was fitting for the PAS, which has undergone a variety of struggle experiences, to adopt an attitude based on the long view to ensure the unity of the Muslim community.

"Moreover, the PAS will be the foremost activist for creating unity among the Muslim community. Therefore, we shall continue to fight against symptoms of apostasy and all destructive trends," he said.

Haji Yusof feels unity should be established wisely and carefully.

He said the PAS should be the people's force for making the Islamic presence felt in the process of Islamicizing the overall society.

"No one in our group should try to restrict the PAS and make it solely a political organization that is active only during an election period or one that works solely for an election," he emphasized.

He also stated firmly that the PAS should not be a spiritual organization or a movement in which only ulemas and intellectuals participate.

Haji Yusof said the PAS struggle for strengthening the religious community and conducting the holy war against infidels to create an Islamic nation must be continued so that Muslims can liberate themselves and their country from the clutches of ignorant colonial domination.

6804

CSO: 4213/81

CCC TRYING TO FORM NEW POLITICAL PARTY

Kuala Lumpur BERITA HARIAN in Malay 11 Apr 87 p 6

[Article: "CCC Trying To Form a New Party"]

[Text] Kuala Lumpur, Friday [10 April]--The Chinese Consultative Committee (CCC), which was formed by the PAS [Pan-Malayan Islamic Party] has been dissolved, Haji Yusof Rawa, PAS president, said.

The CCC, he said, agreed to this so that the organization could form a new political party.

"We hope that the new political party will cooperate with the PAS to develop ideas toward forming an Islamic state, which is supported by the PAS in a multi-ethnic society," he said when he delivered a policy speech at the party's 33d Congress held in the Training Center in Taman Melewar here today.

He noted that it was a sensible step for the PAS to take for expanding its political activities so that it could be more effective in the future.

Haji Subky Latif, chairman of the Central PAS Information Bureau, said the CCC was free to carry on its activities without being fettered by anyone.

The External Affairs Institute, he said, had decided that the CCC could establish a political party when that organization sent the PAS a memorandum to this effect.

"The PAS accepts the CCC's view and will support anyone they desire.

"We have turned the question of registration over to the CCC," he said.

The CCC was formed as a consultative body for PAS leaders and the Chinese community to render support for the PAS in this country.

Mr Tan Ah Chai, former CCC executive secretary, said the party to be formed was the Chinese Community Cooperation Committee Party (CCC).

He said the Organization Registration Office has not yet approved the CCC's application.

6804/8309

CSO: 4213/81

SCHOLARSHIPS TERMINATION BY SABAH GOVERNMENT CRITICIZED

Kuala Lumpur UTUSAN MALAYSIA in Malay 10 Apr 87 p 8

[Editorial: "Government's Step Ends Scholarships"]

[Text] The step taken by the Sabah State Government, headed by Kadazan leaders, suddenly and without providing any good reasons, terminated the scholarships of 90 residents of the state who were studying in the United States and Ireland and ordered them to return home. This was an unnecessary and provocative step.

It has raised questions about religious prejudice because, for the most part, the students whose scholarships were withdrawn were Muslims. The fact that no valid reasons were given for taking this step illustrates that it was meant to be oppressive.

It is feared that such a step, taken without providing any reasons for doing so, will create a great deal of prejudice against the state government that has been distrusted by Islamic groups in the state.

This act will not help restore the confidence of Muslims in the state government but rather will make them more distrustful and will make it more difficult for the chief minister to convince them that the government is handling religious and ethnic matters in the state with justice.

We must be aware that the central government executes a policy of economic assistance to the weak and underdeveloped elements of society, providing them with special facilities, principally in the educational field, so that they can thereby eventually contribute to the country's economic development.

If the same special facilities are not offered to Muslims in Sabah, which also is underdeveloped, the state's stability may not be assured in the future.

We welcome the Ministry of Education's pledge to aid these Sabah students, but this is insufficient if the central government does not interfere in setting Sabah's political direction at the same time by terminating the anti-Islam policy which the state is implementing.

The central government cannot allow the pressures on the Muslim community to continue in Sabah. The state's stability must be assured, and in this context the central government has the right to interfere.

We also question the attitude of a number of Islamic leaders in the Sabah government who have said nothing about what has struck these Muslim students.

This shocking, unreasonable measure, of course, is unwise. We believe it smells of politics because if it was done for other purposes, reasons for doing so had to be given.

The Sabah chief minister should not remain silent on this question. Otherwise it will give the impression that this is severe punishment for students who, to date, have depended on scholarships from the state government.

It is most unfortunate if the students are to be the victims of a continuing political conflict in Sabah, and the termination of the scholarships is a denial of the students' rights to pursue their studies so that they can make a contribution later to the people of that state.

This worrisome step is bound to create a negative reaction and again will kindle estrangement and divisiveness among the people of that state. This question must be resolved immediately before it spreads and creates ethnic tension which, of course, benefits no one.

6804

CSO: 4213/81

SARAWAK'S TIMBER POLITICS VIEWED

Kuala Lumpur UTUSAN MALAYSIA in Malay 11 Apr 87 p 8

[Editorial: "Timber Politics in Sarawak"]

[Text] The election campaigns for the Sarawak State Legislative Assembly have openly touched on a most basic issue, timber politics. Datuk Patinggi Taib Mahmud, chief minister, revealed that timber concessions had been awarded to only a few persons in the past 10 years. Meanwhile, his opponent, former Chief Minister Tun Rahman Yaacob, said timber concessions granted earlier provided a strong economic foothold to any politician who had potential.

Timber, which has always been an influential factor in Sarawak politics, has now taken its rightful place and has become the focus in the campaign before Sarawak voters decide on whom to vote for on 15 and 16 April.

The readiness of the National Front and the opposition to talk about this most important issue openly is very good because only when the Sarawak people understand this affair more clearly can they make a better judgment.

To date, the timber problem has been on the minds of many Sarawak people, but not many have dared to talk about it openly. It can no longer be hidden, and the people can judge the leaders' behavior fairly.

Datuk Taib's assurance that timber politics will be ended has, of course, been welcomed. He intends to keep the concessions from being monopolized by a few people who are interested in maintaining their power or, among other things, protecting their own interests related to wealth gained from timber.

The people can smell something connected with timber that has also brought instability to Sarawak in the past few years to the point of "rebellion" against the state's leadership.

Timber is a national resource and is not the possession of a few people in power. It is owned by all the Sarawak people. It must be so managed that everyone obtains the greatest profit possible from timber production.

Although timber cannot be depleted like oil, for trees can be replanted, it takes a long time before any can be cut. So, a careful plan must be

made so that this timber resource is not depleted through the granting of concessions to a group of people who only want to be rich.

The Sarawak people, of course, hope timber politics can be terminated after this election. This should not solely be an issue in the campaigns to garner votes with the same process continuing after the election except that concessions fall into other people's hands.

6804

CSO: 4213/81

BRIEFS

TEACHERS PROSELYTIZING CHRISTIANITY--Kuala Lumpur, 13 April--Teachers involved in proselytizing Christianity to middle school students will be transferred, Mr Anwar Ibrahim, minister of education, said today. He noted that his ministry had also directed all state education offices to control their areas and to take strict measures against anyone attempting to influence Muslim students to accept the Christian religion. Speaking to reporters after closing the writing workshop sponsored by the national newspapers here today, Mr Anwar said his ministry had also directed the professors to keep such activities from taking place in their classes. Mr Anwar was commenting on a recent allegation made at the PAS Youth Council Congress that proselytization of Christianity in Muslim groups was taking place in middle school classes. According to Mr Anwar, his ministry has received a report about the proselytization of that religion and would take the proper steps against it. "I will not hesitate to take steps against this if there is enough evidence that proselytization of the Christian religion among Muslim students is taking place. If this is being done by teachers, those involved will be transferred," he said. [Text] [Kuala Lumpur UTUSAN MALAYSIA in Malay 14 Apr 87 p 1] 6804/8309

UNITY AGAINST CHRISTIAN INFLUENCE--Kuala Lumpur, Monday [13 April]--Muslims are asked to strengthen their forces to reduce the influence of Christianity which has been growing recently. Datuk Dr Abdul Hamid Osman, chairman of the Islamic Religious Affairs Directorate in the Prime Minister's Office said that only with unity can Muslims prevent Christian ministers from influencing them. He said the divisiveness of Muslims now enables Christians to carry out their activities easily. "Their activities are well planned and can attract young people as well as school children," he said. Datuk Dr Abdul Hamid said the Islamic Center was aware of these activities and was supervising them. Therefore, he said, parents must control the activities of their children so that they are not readily influenced by the ministers involved. [Text] [Kuala Lumpur BERITA HARIAN in Malay 14 Apr 87 p 2] 6804

CSO: 4213/81

UNIONIST ALLEGES USSR 'INFILTRATED' MOVEMENT, LABOR PARTY

Auckland THE NEW ZEALAND HERALD in English 11 May 87 p 13

[Text]

The Wellington trade unionist Mr Tony Neary has renewed his attack on communist influences within unions with claims that the Soviet Union has infiltrated the New Zealand union movement and changed its direction.

He said the Russians had also made significant progress in politically influencing the Labour movement in general.

Mr Neary made the allegations in a speech he gave in March to the controversial Hoover Institute "Red Orchestra" conference in Washington.

Started 1979

Yesterday he released a copy of his address for the first time in New Zealand.

He said he had been asked to write a chapter for a book being published by the institute dealing with the issues raised in his address.

Mr Neary retired last year as national secretary of the Electrical Workers Union but remains the secretary of the Wellington branch.

In his speech he said that

the Soviet Union through one of its main front organisations, the World Federation of Trade Unions, had successfully infiltrated the New Zealand trade union movement and changed its direction.

"There was no obvious Soviet influence up to the change of the leadership of the Federation of Labour in May 1979 when Jim Knox was elected president.

"However, not long after Mr Knox's election regular visits of New Zealand trade unions began to Russia and other Eastern bloc countries.

"The communist parties in New Zealand do not appear to be numerically strong but they have successfully infiltrated the labour movement to an extraordinary extent," Mr Neary said.

Dummy Fronts

He claimed that during 1986 known communists from both the Socialist Unity Party and the Communist Workers' League, along with their supervisors, had considerable control in seven of the eight largest trade councils.

He contended that those councils covered about 72 per cent of the FOL membership.

"Little imagination is re-

quired to understand," Mr Neary said in his speech, "that when Communists create dummy front organisations they call them something else and invite organisations like the FOL to give their united support to them."

As an example, Mr Neary claimed that the FOL secretary, Mr Ken Douglas, helped to organise a WFTU sponsored trade union conference in New Delhi in February, 1985.

"There is little doubt about the purpose of the New Delhi meeting — it was organised by Ken Douglas and four fellow communists from the USSR, Australia, India and Japan.

Visits Listed

"All its resolutions parroted Soviet policy and following it, Jim Knox went to the Soviet Union where according to Tass, he said: 'Soviet peace initiatives are highly appreciated in New Zealand and are supported by broad sections of the population'."

Mr Neary listed a number of visits undertaken in recent years by New Zealand trade unionists to Russia. They include:

● May 1985: Mr Peter Joseph, president of the Bay of Plenty Trades Council, represented the FOL at

Mayday ceremonies of the All Unions Central Council of Trade Unions in the Soviet Union.

● October 1985: The FOL sent its vice-president, Mrs Sonja Davies, as an observer to the WFTU general council meeting in Moscow and to the 40th anniversary celebrations of the founding of WFTU.

Last Decade

● January 1986: Ken Douglas, also national chairman of the Soviet-aligned SUP, returned from two months' sick leave in the Soviet Union.

● March 1986: Mr Bill Andersen, president of the Auckland Trades Council and then president of the SUP, attended the 27th Congress of the Soviet Communist Party in Moscow.

● April-May 1986: Six FOL representatives visited the Soviet Union.

● September 1986: The FOL accepted an invitation to the WFTU Congress in East Berlin and sent a delegation of 12.

Mr Neary said it was his firm belief that during the last decade the Soviet Union, through its various front organisations, had made significant progress in politically influencing the New Zealand trade union movement.

REPORTAGE, REACTION ON GOVERNMENT RESPONSE TO LIBYAN PRESENCE

U.S., Other Players Excluded

Auckland THE NEW ZEALAND HERALD in English 4 May 87 p 1

The Australian and New Zealand Governments have adopted a joint approach to keep the United States and European nations out of the debate over Libyan links with the South Pacific.

This was the main reason behind the Friday flight to Ohakea by the Australian Foreign Minister, Mr Hayden, for secret talks with the Prime Minister, Mr Lange, rather than any alarming new evidence of Libyan activity in the region.

Australian sources say Mr Hayden sought a united trans-tasman response to the Libyan debate which he could present during three weeks of talks in Europe.

Mr Hayden left for the talks early yesterday.

In recent weeks, top-ranking British, American and West German Government officials have visited Australia and highlighted their concern over Libyan overtures in the South Pacific.

Australia and New Zealand want to handle the Libyan issue within the region and avoid any intervention by the United States or European nations, particularly those worried about the lapse of Anzus.

The latest publicity surrounding Libyan activities in the region arises from a leaked Office of National Assessments report written by an Australian analyst, Mr David Hegarty.

Mr Hegarty presented his report in March to the "Red Orchestra" conference on the south-west Pacific held in Washington by the Hoover Institute.

Mr Hegarty, who is a specialist on Papua New Guinea, said Libya was acting as an agent for the Soviet Union by keeping the "pot stirring" with the region's anti-colonial liberation movements.

Since it was leaked three weeks ago, Mr Hegarty's report has been publicly criticised by leading Australian academics and political analysts.

They say it contained nothing new on Libyan links with the region, exaggerated the significance of some contacts with liberation movements and had several historical errors.

A Foreign Affairs submission to Australian Senate hearings about the same time played down the impact of Libyan links in the South Pacific.

In Wellington yesterday, a spokesman for Mr Lange said the only specific action planned after the Ohakea talks would be for an Australian official to inform other South Pacific Forum Governments about the Libyan issue.

Auckland THE NEW ZEALAND HERALD in English 4 May 87 p 6

[Editorial "Fresh Role in Pacific?"]

[Text]

Whatever Mr Lange and Mr Hayden discussed or decided about Libya at their celebrated rendezvous, the fact that they met could have as much significance as the substance of their deliberations. Seldom do the foreign ministers of New Zealand and Australia consult each other on a matter of mutual concern arising from a third party, and it is even rarer for them to come together thus in an atmosphere of urgency.

New Zealand and Australian ministers have, of course, met to discuss weighty matters in the past. But when the subjects of concern have been other countries, the talks have generally fallen within the context of alliances or relationships with the United States or Britain, which have had their own representatives present.

But there was no one from Washington or London at Ohakea on Friday, even though advice from one or the other may have precipitated the consultations. The meeting was a New Zealand-Australia affair, apparently called to deal with an urgent mutual problem; and, on the face of it, New Zealand and Australia handled it without outside influences.

If that be a correct reading, Friday's bizarre episode is encouraging. It could be seen as an extension of the Closer Economic Relations spirit to the realm of South Pacific security — a bilateral rather than a mul-

tilateral arrangement, perhaps even the birth of an Anzac axis for the defence of Western-style democracy in this part of the world.

History and circumstances have diminished British concern with the South Pacific. United States' involvement with it is mostly that of a protector who would happily withdraw if someone else were available to do the job. France's interest remains largely historic or exploitative.

If the South Pacific needs a policeman — and the machinations of Libya suggest that it soon may do — it is logical that the South Pacific countries best able to provide one should do so. Those countries are Australia and New Zealand. Their fulfilment of that function — as distinct from the major role of overseeing world peace as played by the United States — would assuredly be more acceptable to the new microstates than the intrusion of a world power with its awesome ability to dominate.

New Zealand's nuclear distaste has harmed its relationships with the United States, France, and, most recently, Britain. The weakening of these traditional friendships is regrettable but, in the light of geography, divergence of interests and some deepening political maturity, perhaps inevitable. New Zealand now has a fresh part to play in the Pacific. Mr Hayden's visit on Friday may mean that it is beginning to play it in partnership with Australia.

Opposition Blames ANZUS Vacuum

Auckland THE NEW ZEALAND HERALD in English 4 May 87 p 5

[Text]

NZPA Wellington

The Anzus rift has created a power vacuum in the South Pacific in which Libyan terrorist groups have blossomed, says the Opposition defence spokesman, Mr Doug Kidd.

The situation has been made more serious by the loss of intelligence information, and this has threatened the stability of the entire region, he says.

"We now have the ludicrous situation where secret midnight flights are the only way of keeping Mr Lange informed of threats of our region," Mr Kidd said yesterday.

"The situation is serious. The South Pacific is becoming a zone of contention in the struggle between East and West.

"Mr Lange's anti-nuclear policy is excluding friends such as Britain and the United States from the region, but allows the influence of potential terrorist groups to grow unchecked."

Mr Kidd said the Govern-

ment "has been peddling a great lie that the greatest threat to security is nuclear weapons."

Libyan terrorist infiltration proved that action by communist countries and their client states, such as Libya, posed a more real danger to security through terrorism or insurgency.

"The South Pacific has long remained a beautiful and tranquil place, but Mr

Lange's collapse of Anzus has changed the balance and opened the floodgates to expansionism by less friendly, anti-Western nations.

"The South Pacific is moving on to the centre of the world political stage. New Zealanders will pay an increasingly high price for the impetuosity of Mr Lange's naive foreign policy."

Mr Kidd's comments were echoed by the Leader of the Opposition, Mr Bolger, who said the power vacuum in the Pacific was a matter for concern.

The power vacuum had emerged with the destruction of the Anzus agreement, Mr Bolger said.

"It is clear the stability that we previously enjoyed no longer exists."

Mr Bolger's comments followed a lengthy briefing he received from the Secretary of Foreign Affairs, Mr Merwyn Norrish, at the weekend.

Mr Bolger declined to comment on the details of the briefing, but said it related to serious developments in the South Pacific about which New Zealand must be concerned.

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CSO: 4200/593

'HASTE' IN STEEL AGREEMENT WITH AUSTRALIA CRITICIZED

Auckland THE NEW ZEALAND HERALD in English 5 May 87 p 6

[Editorial: "NZ Steel Unready to Compete"]

[Text]

The Government's haste to conclude an agreement on steel trade with Australia pains the management of the Glenbrook mill and will perplex even those who hold no brief for protection. New Zealand Steel insists it carries no such brief; it wanted barriers maintained against Australian imports only for another year or so, when the completion of expansions will give the Glenbrook product sufficient local content to qualify for the free access Australia permits.

It seemed a reasonable case, particularly since the barriers would then be lowered at about the same time — late 1988 — that Australian steel producers are to lose substantial bounties, or subsidies.

But the deal now struck looks unduly convenient for Australian steelmakers. Although it removes the last blemish from the closer economic relations agreement — and Wellington could be forgiven for putting the larger interests of that pact above the immediate difficulties of local steel production — a more equitable merging of the markets could surely have been negotiated.

Steel manufacture, in decline in much of the developed world, may never be more than marginally competitive in this country. The taxpayer, having lately supported the venture to the tune of almost \$2 billion, has to hope it will survive an exposed birth.

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CSO: 4200/593

LABOR GOVERNMENT PLANS REELECTION ON SOCIAL POLICY

Auckland THE NEW ZEALAND HERALD in English 4 May 87 p 3

[Text]

The Labour Government will seek re-election this year on a promise of better health, education and social services.

That was clear from the first national advertising campaign by any of the political parties this year — a series of full-page advertisements in three Sunday papers, in four morning papers today, and in *Truth* tomorrow.

The advertisements, dominated by a photograph of the Prime Minister, Mr Lange, are estimated by advertising sources to have cost just over \$32,000 to place.

But political sources played down suggestions that their appearance well before the expected late August election meant that an early poll was likely.

Rather, the advertisements are the first in what is described as a "well-funded" series which will appear on specific themes during the next few weeks.

They indicate two things about Labour's election strategy.

First, as expected, the party will make maximum use of Mr Lange, who according to Labour sources shows up in polls as "our number one advantage."

Second, the advertisements introduce the theme that Labour has taken the

tough economic decisions to get the economy in order so that it will be able to improve health, education and social services in its second term.

Mr Lange is expected to talk about this at his weekly press conference today, and in speeches to Labour regional conferences.

The launch of the advertisements also coincides with the annual conference of the Federation of Labour, which begins tomorrow.

A crucial debate at the conference will be whether the unions should actively support Labour's re-election, despite their opposition to its economic policy. The new emphasis on social policy may make it easier for them to back the Government.

The Leader of the Opposition, Mr Bolger, discounted early election talk on the basis that officials had told him the electoral rolls would not be ready for an election before August 8.

He declined to reveal when the National Party planned to start its election advertising.

LABOR GOVERNMENT CRITICIZED AT PARTY CONFERENCE

Auckland THE NEW ZEALAND HERALD in English 11 May 87 p 5

[Text]

Central North Island Labour Party members shied away from a direct attack on the Government's economic policies at their annual conference in Hamilton over the weekend.

They rejected a strongly worded remit which would have told the Government to "redesign" its economic direction, and instead decided to remind it of the Labour Party's policy of full employment.

However, the conference did criticise the lack of trade union representation on the boards of the new state-owned enterprises, and several delegates accused the Government of failing to recognise the pain its economic policies have created in the regions.

About 60 delegates attended the conference,

representing electorates in the Waikato, Bay of Plenty and Poverty Bay.

In spite of a strong trade union presence at the conference many delegates appeared anxious not to embarrass the Government with an election in view.

News Media

The party president, Margaret Wilson, commented yesterday that delegates should not be scared of voicing criticism, just because members of the news media might be present at the conference.

She said the regional conferences were held to point towards new policies, and to help to generate new ideas.

While there were obviously strong feelings among delegates about the effects of Government moves to corporatise departments such as State Coal and the Forest Service, caution prevailed when it was time to vote on remits.

A Labourers' Union delegate and senior member of the party's Waikato hierarchy, Mr Dave Jamieson, failed to win sufficient support for a remit asking the Government to "redesign its economic direction" to return it to "the Labour Party principle of full employment and a decent living wage for a 40-hour week."

Capitalists

Mr Jamieson and the party's Glenview branch accused the Government of "successfully and deliberately" driving down living standards of workers, with the help of employers' organisations and capitalist organisations.

Mr Jamieson said the experiences of those in Huntly and of railway workers showed that the Government had to change its economic direction.

"It must redesign its economic direction to make sure that people matter," he said.

The economic changes had occurred too quickly, had been too severe, and had not had enough regard for people.

Good Economy

However, most of the delegates present agreed with Mr Leo Menefy (Tongariro) who said the Government had a good record on employment.

"How can we get full employment and a decent

living wage without a good economy? The thrust of the Government's economic policy is to create a good economy," he said.

Mr Henry Uttinger (Workers' Union) said delegates had to keep their feet on the ground and remember the scale of the economic problems the Government inherited in 1984.

But Mr Jim Potal (Glenview) said the Labour Party was supposed to help the working people.

Rewarded

"Our people out there are hurting like hell. Why do you think crime is increasing?"

The conference finally agreed to reword the remit — as suggested by the MP for Hamilton East, Mr Bill Dillon — to delegates to "forcefully remind the Government of the policy of full employment and a decent living wage for a 40-hour working week."

The conference also passed a remit calling on the Government to appoint more union representatives to the boards of state-owned enterprises.

Mr John Marshall (Cambridge) said the views of the Forestry Corporation chairman, Mr Alan Gibbs, gave him the "sweats."

"This man would make Pinochet look like a Plunket nurse."

PARTY REGIONAL CONFERENCE HITS LABOR ECONOMIC POLICIES

Auckland THE NEW ZEALAND HERALD in English 11 May 87 p 3

[Text]

The Labour Party's parliamentary wing was roundly rebuked at a party regional conference at the weekend for adopting an economic policy which "serves the greedy".

If there were any expectations of election-year complaisance from the Wellington region delegates, they were swiftly laid to rest.

The conference, held at Porirua, passed a series of remits which include:

- A call for a managed exchange rate as a first step towards a planned economic recovery programme;

- A demand for moves by the Government to research and publicise the control and ownership of the New Zealand economy by large companies;

- The urging of stricter controls on overseas investment finance;

- A condemnation of the part-privatisation of the Bank of New Zealand, a move the conference said should be reversed;

- A call for a wealth tax.

But it is difficult to see the conference decisions having much impact on the party's economic policy-makers.

It was left to Government MPs Mr Peter Nellson (Miramar) and Mr Peter Dunne (Ohariu), who chairs the caucus economic management and development committee, to repel the party rank-and-file.

About half a dozen other MPs attended, but none of

the three finance ministers was present.

The Prime Minister, Mr Lange, gave the opening address to the conference, but he left the hall before the contentious economic debate began.

The Labour Party has an electoral strangle-hold in Wellington, holding all 10 seats in the region. In the past few years local party activists have gained a reputation for openly challenging policy decisions. They say they fear those decisions could cost Labour dearly in the election.

At the weekend the charge was led by two trade unionists, Mr Peter Cullen (Shop Employees) and the national secretary of the Cleaners' Union, Mr Pat Kelly, whom Mr Lange has described as "Gaddafi without the ethnic charm."

But the two enjoyed the support of a Labour MP, Mr Reg Boorman (Wairarapa), when they launched an assault on the Government move to sell off some shares in the BNZ.

Mr Boorman told delegates there was "no justice whatsoever" in selling off shares in a public asset, irrespective of whether the new shareholders had voting rights.

The critical issue, however, was that the decision had "opened the door" and that a National government would kick the door in.

"It will be sold off in toto and what we did would make it easy for them," he said to loud applause from the conference.

Mr Boorman said he did not 'believe for a moment' that the Government actually understood what it had done, calling the sale a sad thing.

Mr Neilson said he would argue against the assumption that by buying back the BNZ shares the Government would get a tool for socialism.

If the Government wanted to implement policies aimed at helping its traditional supporters, it had publicly owned institutions like the Development Finance Corporation, the Post Office Savings Bank and the Rural Bank to do that.

There was also the Reserve Bank and the use of legislation to indicate to those institutions how they would behave. The Government did not have to own them wholly, Mr Neilson said.

Mr Dunne said that in 40 years of being wholly state-

owned the BNZ had never achieved the social objectives for which it was ostensibly set up.

"And to now argue that by turning to the situation that did not deliver those benefits, we somehow achieve that goal, I think is just ludicrous."

The Government wanted the goal of affordable finance from the banking system and in a deregulated banking environment the BNZ had to be in a position to compete effectively, Mr Dunne said.

During earlier remit debate, Mr Cullen said the Government's policies had to be turned around so that the party was "again serving the poor and oppressed in society."

Mr Kelly told the delegates the present economic policy "serves the greedy" and was ignoring the needy.

At the election Labour supporters would find themselves pushing past former National supporters to vote. When the Tories began backing his party, he said, "I feel the rope tightening around my neck."

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CSO• 4200/593

PARTY CONFERENCE EYES TIGHTER LABOR GOVERNMENT ACCOUNTABILITY

Auckland THE NEW ZEALAND HERALD in English 11 May 87 p 5

[Text]

Future Labour Governments are likely to be held more accountable to their party following changes likely to be approved at this year's Labour Party annual conference.

There have been widespread complaints among the rank and file membership of the party about party policies being ignored by the Government.

Trade unions in particular have been angry about the Government's economic policies, while other groups have complained about foreign policy remits being repeatedly ignored.

However, a change to the party's constitution to be considered later this year could short-circuit the present system through which party policy is developed.

It could also reduce the power of Labour MPs to influence what finally reaches the party's election manifesto.

Under a change to the constitution being suggested by a policy formulation committee, the party's annual conference would

have the right to insist that certain remits go directly from the conference into the party manifesto.

At present remits passed at the annual conference must go first to the policy council, and then must be endorsed by both the New Zealand council and by the caucus.

But the chairman of the party's constitution committee, Jan Walker, said in Hamilton yesterday that this year's annual conference, to be held after the election, will consider ways of short-circuiting the three-tier approach.

The annual conference would have the chance to vote on remits which it believes should go directly into the manifesto, by passing the other bodies.

She said this would result in party members having more direct input into final policy.

The party's Waikato divisional conference yesterday rejected five remits calling for greater accountability of MPs to the party, after assurances that the matter was under review, and that it would be discussed at the annual conference.

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CSO: 4200/593

NEW COUNCIL, KNOX INTENTIONS POSE CROSSROADS FOR UNION MOVEMENT

Auckland THE NEW ZEALAND HERALD in English 4 May 87 p 3

[Article by Ross Barrett, industrial reporter: "Crossroads Looming for Mr Knox and FOL"]

[Text]

While the Federation of Labour is expected to go through death throes at its 50th annual conference in Wellington this week, it may be the end of an era in other ways too.

There is strong speculation that the FOL president, Mr Jim Knox, will be making his last play on the national industrial scene.

Should the proposed Council of Trade Unions become a reality later this year, the FOL will dissolve and this week's gathering will be its last.

That being the case, Mr Knox would probably retire from the front-line and leave the task of running the new organisation to others.

Mr Knox says he has not decided whether he will run for office in the CTU. He will make up his mind after the FOL conference when he has seen the reaction to the CTU.

At this early stage — the inaugural CTU conference has been pencilled in for November — names such as Mr Ken Douglas (FOL secretary), Angela Foulkes (Bank Officers' Union president), Mr Colin Hicks (Public Service Association) and Mr Ron Burgess (Post Office Union secretary) are tipped as most likely to form the new leadership.

Regardless of whether Mr Knox stands again, a new age for the union movement could be born in Wellington.

The changing times will be starkly apparent when the FOL hosts a function for many retired trade unionists to mark the 50th conference.

The federation will put on drinks and eats on the first evening of the

conference, giving many a chance to delve into the past as they consider the future.

Perhaps the real question, though, is not whether the CTU will get off the ground, but how many unions will be in it.

The FOL executive is split on the idea, but a majority back the CTU.

It is understood that it will deliver a paper calling on all unions to consider favourably taking up the invitation to attend the first CTU conference.

That recommendation is not likely to influence the unions which walked out of last year's conference in protest at the plan.

Those unions — the watersiders, the seamen, the cooks and stewards and the National Union of Railwaymen — still say they will have nothing to do with the CTU.

They have formed a federation of their own and plan an inaugural conference in July.

There have been signs in recent weeks that other unions are cooling towards the CTU.

Philosophical considerations aside, the question of cost is causing some apprehension.

Although the CTU capitation fee has yet to be struck, it is expected to at least double the present FOL charge of affiliates, making a figure of about \$4 a member a year.

A number of unions wonder whether they can afford it.

Among other issues at this week's conference, none will be more important than deciding the approach to this year's award round, which should

start well before the CTU is up and running.

Two unions, both with voting clout in the FOL, are calling for normal wage bargaining to be shelved in favour of centralised negotiations with employers and the Government.

The Wellington Drivers' Union and the Northern Store Workers' Union argue that keeping negotiations central will avoid a repeat of the 1986 experience when settlements were variable.

Such a policy would, in the unions' view, also combat growing flexibility within the labour market and protect the national award system which is teetering in the face of freer economic policies.

However, the idea is not likely to win enough support and it is likely that the backers of "free wage bargaining" will prevail.

One of the more sensitive topics is the coming general election and whether unions should support the Labour Government.

A lot of unions have taken a battering from the Government's new economic order and are in no mood to see Labour return.

Some union leaders believe that workers ought to vote National to bring Labour back to its working-class senses.

But it is also apparent that a large body of unions, including most of those well to the Left, want Labour re-elected.

The Northern Drivers' Union has a remit recommending support for the

Government.

Although it opposes many of the Government's economic moves, the drivers believe the union movement would suffer more under a National Administration.

In a detailed remit the union also seeks to divorce Government policies from the trade union-Labour Party wings of the labour movement.

Among other remits is one calling on the next Labour Government to reverse steps taken to sell shares in the Bank of New Zealand.

Another calls on the Government to refuse to recognise the Business Round Table — "this extreme right-wing group of employers" who, it says, are making a "planned attack on the working class of New Zealand."

There will be interest, too, in the election for vice-president. Four candidates are seeking the position left by the retirement of Mrs Sonja Davies.

Three of them — Mr Ashley Russ, Mr John Slater and Mr Len Smith — are all FOL executive members. The fourth is Mr Pat Kelly, the president of the Wellington Trades Council.

Six people are contesting four positions on the executive, including Mr Slater and Mr Smith.

The others are Mr Rex Jones, the national secretary of the Engineers' Union (a sitting member), Mr Bill Andersen, the president of the Auckland Trades Council, Mrs J. Attenberger, of the Woollen Mills Union, and Mrs H. Brown, of the Canterbury Laundry Workers' Union.

INDUSTRY LEADER WARNS AGAINST REJECTING MAORI FISHING CLAIMS

Auckland THE NEW ZEALAND HERALD in English 4 May 87 p 24

[Text]

Delays in answering legitimate Maori calls for traditional fishing rights could be creating fertile ground for more radical claims.

That warning, delivered to the conference of the Federation of Commercial Fishermen in Auckland, came from the general manager of the Fishing In-

dustry Board, Mr Nick Jarman.

He said the industry could probably absorb many of the legitimate claims being made.

"What concerns me is that the delay when various tribunals and commissions of inquiry sit and deliberate leaves a sort of open ground where radicals can range unchecked.

"The longer they range, the more fear will be put in the heart of the industry and the more likely it is there will be racist overtones in our reactions to the legitimate claims."

If some areas of fishing were to be given to the Maori people they should be only those that were fair and appropriate to the industry, Mr Jarman said.

If they disadvantaged the fishing industry, he believed fair compensation should be paid.

The Minister of Fisheries, Mr Moyle, told the conference he could not comment on decisions over Maori fishing claims that the Waitangi Tribunal might make.

However, the minister

said some of the demands seemed reasonable while others did not.

He was conscious of the debate over whether there had been an element of commercialism in traditional Maori fishing but said he would not like to quantify the amount.

"I don't think the situation is insurmountable. We can accommodate reasonable rights to Maori fisheries within the quota system," Mr Moyle said.

The federation president, Mr Bob Martin, said there was a danger that radical claims being made to the Waitangi Tribunal could cause a backlash and jeopardise some genuine cases.

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CSO: 4200/593

WAIKATO FARMERS SAID INTIMIDATING VISITING CABINET MINISTERS

Auckland THE NEW ZEALAND HERALD in English 11 May 87 p 5

[Text]

Publicity about "Tory" farmers intimidating cabinet ministers in the Waikato has helped to throw up more potential Labour Party candidates in the region.

The party has been having difficulty finding candidates to stand in several safe National Party seats in the Waikato, and one of the reasons local party officials have given for the problems has been the reception given to visiting cabinet ministers by local farmers.

Selection has been reopened for a month in Matamata, Waipa, the King Country and Maramarua, in the hope of finding enough party members prepared to stand as candidates.

But the party president, Margaret Wilson, said yesterday that the publicity had encouraged more people to show an interest in standing in the seats.

The Labour Party Waikato regional organiser, Mr Peter Beyer, said candidates for the seats would be chosen in about a month.

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CSO: 4200/593

GOVERNMENT EXPECTS \$10 MILLION FROM LOTTERY

Auckland THE NEW ZEALAND HERALD in English 11 May 87 p 20

[Text] NZPA, Wellington--The Government will be the big winner in the new game of lotto--it expects to take nearly \$10 million in tax in the first year of operation.

And the Australian company marketing the introduction of lotto in New Zealand says it is a perfect way to raise taxes.

"Lotto provides revenue that is easy to collect and very, very hard to avoid," said the director of Comstrat Gaming Systems, Mr Peter Sedgwick.

"People don't worry about spending a few dollars a week on lotto," he said.

New Zealand lotto will begin on Saturday, August 1, with a televised draw of the winning numbers.

Approved selling agencies include corner dairies, pharmacies, bookshops, hardware stores and supermarkets.

The chairman of the interim Lotteries Commission, Mr Chris Pottinger, a Wellington lawyer, predicted that the game would be an instant success and have turnover of \$100 million a year -- \$2 million a week.

Sixty per cent would be returned in prizes, 9.5 per cent would go to the Government in gaming duty and GST, 7 per cent to agents in commission, and about 3 per cent to the Lotteries Commission to pay for administering the game.

The remaining 20 per cent or so will go to the Lottery Board for distribution to the arts, sports and charities.

The first division payout prize for correctly picking six out of 40 numbers is expected to be an average \$380,000 each week.

It will cost 50c a game and there are five prize divisions down to about \$20 for having three correct numbers plus a bonus number drawn in addition to the block of six.

Australia had a big influence in the setting up of the New Zealand game with a former Queensland state lottery manager, Mr John Watts, acting as chief executive officer for the commission.

He advised introducing systems entries about a month after lotto had begun.

Systems entries allow players to pick more than six numbers in a game and to pair different combinations of numbers.

Australian lotto in the states of Victoria, Queensland, South Australia and Western Australia allow players to cut the odds considerably by buying as many as 15 numbers, costing about \$1500.

Mr Watts expected the New Zealand system would go up to a maximum 11 numbers.

Mr Pottinger said New Zealand lotto cost \$13 million to \$14 million to set up.

LIBYAN, OPM MEETING REPORTED

Port Moresby PAPUA NEW GUINEA POST COURIER in English 23 Apr 87 p 1

[Text]

A LIBYAN envoy has visited PNG and made contact with OPM rebels.

He was Ibrahim Sager, a high-ranking official in Colonel Gaddafi's Libyan People's Bureau in Canberra, according to Government sources.

Reports before the Government show one of the issues he discussed with OPM officials was the possibility of supplying arms to the rebel group.

Mr Sager is believed to have told OPM officials that their struggle was "too fragmented to warrant any assistance".

According to officials, the Libyan's visit to PNG confirmed his country's interest in the region.

Libya had established its contact with dissident groups in the Pacific.

A Government report said that as soon as a Libyan People's Bureau was opened in Vanuatu, there was no doubt arms for the OPM would be smuggled through there.

A conference of the OPM was to have been held from May 8 to 15 last year in Vanuatu.

A former OPM leader, Seth Rumkorem, now exiled in Holland, was to have attended the meeting to brief leaders on his discussions which he had with Colonel Gaddafi in March last year.

Col Gaddafi is understood to have promised Rumkorem that Libya was prepared to offer arms to the OPM on the condition that it was a united force.

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CSO: 4200/561

LIBYAN ACTIVITIES, DENIAL OF MNLF SUPPORT CONTRASTED

Manila THE MANILA TIMES in English 19 May 87 p 4

[News Analysis by Roland L. Marquez: "Libyan Moves Under Close Watch"]

[Text]

LIBYAN moves in the country are under close watch by military intelligence officials. Following reports that Libya is aiding the Moro National Liberation Front (MNLF), intelligence authorities are confirming its role in the successive arms landings in Mindanao over the past weeks. The arms, they noted, ranged from light machine-guns and powerful armalites to Soviet-made AK rifles and anti-tank rockets.

Aside from financial and military support, Libya is allegedly affording the MNLF tactical and psychological boost. As manifestations of these, the threats of oil embargo and non-acceptance of Filipino workers in the Middle East are believed to be among the strategies being employed by the MNLF to force the government to yield in to its demand for autonomy. These exigencies are being zeroed in as points upon which to exert pressure for the purpose.

The Libyan government, however, called the unsavory reports as mere propaganda. In a recent visit, Libyan Ambassador to the Philippines Salem

Adem dismissed charges against Libya's alleged interference in Philippine affairs. In an apparent move to push for better relations with the Philippine government, Adem pledged anew his government's full support to President Aquino's government.

At the same time, Adem said that Libya does not support MNLF's idea of secession. However, it favored MNLF's bid for the grant of autonomy to 13 provinces in Mindanao without a plebiscite and to 10 other provinces subject to democratic processes, consistent with the Tripoli agreement.

Whether a blurb or not, the statements made were understood by many as reflective of the preposterous attitudes of the Libyan government. The bid for the grant of autonomy to Mindanao is precisely the bone of contention until now between the government and the MNLF. Hence, Libya cannot assure support to the MNLF without throwing the gauntlet to the Philippine government and hurling defiance against its policies on autonomy.

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CSO: 4200/588

CACHO-OLIVARES COMMENTS ON ELECTION FRAUD CHARGES

Quezon City BUSINESS DAY in English 15 May 87 pp 4, 5

[Commentary by Ninez Cacho-Olivares in the "My Cup of Tea" column: "Their Baby, Their Child"]

[Text]

The Opposition is once again in the streets, yelling bloody fraud that it claimed was massively committed during last Monday's elections.

"It is saddening to know what happened to our country. We know we won the election, but we lost in the counting," yelled Juan Ponce Enrile, while black coffins, marking the umpteenth death of democracy, were displayed as props.

Juan Ponce-Enrile, street parliamentarian? It certainly seems incredible! Enrile, who hardly bat an eyelash when Marcos banned street demonstrators from mass actions; he, who hardly gave a whimper when the Marcos forces arrested innocent kids and clamped them in jail reserved for hardened criminals; he, who admitted that he willfully participated in the electoral fraud during the last presidential elections, is now taking to the streets to protest what he and his group claim were massive electoral frauds committed during the last Monday's elections.

But why are he and his teammates yelling bloody fraud in the

streets? Why doesn't he produce evidence of fraud to the right body which can investigate such allegations?

My guess is that he and his partymates are set on a grand plan to start the destabilization process.

TROUBLE. Quite frankly, I have somehow felt that it was much safer for the nation to have Juan Ponce-Enrile in the legislature than out of it. Inside the halls of Congress, he would have been less prone to creating mischief. Outside, Juan Ponce Enrile would be a handful of trouble.

He is trouble because as a political washout, he would have more time on his hands to think up of ways and means to "regain" political glory and power.

Right now, with him seemingly out of the senatorial race, Enrile's residence may just be Limbo, Philippines.

Mr. Enrile, it seems, is not about ready to be transferred to Limbo, Philippines. His next try, if he goes by traditional political methods, should be in 1992. But by that time, Mr. Enrile (assuming he does not make it to the Senate this year) will have become a doddering old man; a man much too old for either the presidency or even the Senate presidency.

His next bet, if he wants to make a power bid, is to create enough ruckus about the electoral process, gain enough sympathizers and adherents and proceed to make life unstable, if not hell for President Corazon Aquino.

My guess is that he is banking on the disgruntled military soldiers and Marcos Loyalists, plus his own little following, to be his adherents and sympathizers.

CAUSE. All these people, who had no "cause" to espouse — theirs having been a lost cause — will suddenly find that "cause" with Enrile and the Opposition, and when the opportunity arises, cause the destabilization machinery to operate at medium speed, picking up at high speed when they sense that the nation is ripe for another uprising.

It should be easy enough for those disgruntled soldiers to get that rumor brigade going. It should be fairly easy to get those disgruntled Ramboys and Guardians to go through a "psy-war" situation.

My other guess is that in the coming weeks, rumors will fly fast and thick about another coup attempt; friends of Enrile and company in the media will endeavor to create the impression that Enrile and company, supported by a great majority of military soldiers, are a force to reckon with; that Enrile is gaining more and more sympathizers, and all for the cause of democracy.

I really can't tell how the Palace will handle another "crisis" situation. But what I can foresee is that the majority of the Filipi-

nos will continue supporting President Aquino. And if she and the presidency are threatened, the Filipino people — if I read them right — will come to her rescue.

CHILD. What Enrile and the Opposition may not have realized is that, apart from too many Filipinos regarding Cory Aquino as a minor saint, the President has become, to many, a child. It must protect from any perceived threat and danger.

Why a child? Isn't she viewed by the adoring public as a mother? Or even as a favorite aunt?

In my view, many regard Cory Aquino as the personification of democracy in the country. Many citizens feel that they made possible the birth of democracy — personified by Cory Aquino — through the pressure exerted on Marcos to call the snap elections, followed by a man-to-man guarding of the ballots and the counting, to the first cry of democracy after installing Corazon Aquino as President.

Cory Aquino, to many, is that child called democracy. Filipinos labored long and hard to give birth to that child — that democracy.

That child is one year old — and to many, still a toddler who needs all the help and support.

It is for this reason that the Opposition's cry will go unheeded.

Cory Aquino is the Filipino's child. Their baby. And no one, at this time, is ever going to get that baby away from them.

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CSO: 4200/588

ELECTION RESULTS SEEN AS SETBACK FOR LEFT

Manila THE MANILA TIMES in English 17 May 87 p 4

[Commentary by Manuel F. Almario in the "Reflections" column: "A Setback for the Left"]

[Text]

WHAT happened to the Alliance for New Politics? The NAMFREL returns as published in the newspapers do not show its candidates in contention in the Senate race, although a few of their candidates for the House of Representatives may have sneaked in.

Do the results of the May 11 election indicate that the "new politics" as preached by the Partido ng Bayan and its coalition partners have been rejected by the electorate?

Indeed, the overall results of the election, which culminated in the landslide victory of the administration candidates, would indicate that the electorate once more voted for the Center, rejecting both the Right and the Left.

The Right was represented by the Grand Alliance for Democracy and the UPP-KBL, while the Left was represented by the seven candidates of the ANP. The Right of course stands for dictatorship or, as President Marcos had termed it, "constitutional authoritarianism." The Left seeks radical changes in our social, political and economic structure, hence, the term "new politics."

The Center is the moderate sector of the population, acquiescing to reforms, but reforms made gradually and painlessly, if possible.

That the Right was rejected is clear. That the Left was also rejected could

be inferred. But certain limiting factors of the Left's campaign for "new politics" must be taken into consideration. The ANP coalition did not have the money and the political machinery to run a nationwide campaign. That is obvious from its lack of campaign materials, like banners and posters. None of its candidates could afford a television advertisement. Their newspaper ads were small and far between, and the media largely ignored them in their reportage of the campaign.

In short, the ANP did not have the resources to put its message across. By most accounts its candidates attracted large crowds in their meetings. But by its very nature, political meetings net only a tiny portion of the electorate, which is now counted at around 25 million. Even if, let's say, two or three million attended their meetings nationwide, the rest must be reached by media -- the radio, television and newspapers.

From the beginning, there was a "Quixotic" quality to the bid of the ANP-PnB to challenge the traditional political parties to a nationwide electoral contest. If they are to be credited with some sense of realism, it should be assumed that the coalition entered the arena not to win but to be credited with some sense of realism, it should be assumed that the coalition entered the arena not to win but to be able to

propagate to a large audience its program of government, which provided a real alternative to the program of the administration and the traditional opposition.

However, somewhere along the way, infected with the enthusiasm that vitalized their rallies, the ANP-PnB candidates started to believe that they too could win. This was manifest in the confidence exhibited by the ANP-PnB bets during their *miting de avance* at Plaza Miranda. Nevertheless, it was obvious to the trained observer that the very partisan enthusiastic audience was composed mostly of the same eager, idealistic and radical youths and members of the urban working

class who had provided the core group for the Laban demonstrations during the Marcos regime.

And in the end, they found out, that you still needed a well-oiled political machinery to bring the votes in and have them counted, and substantial funds to have your message heard amidst the din made by your well-heeled opponents.

The customary observer will say that the ANP-PnB suffered a real debacle in the last election. But the Left is never crushed by setbacks, as history shows. It waits patiently in the wings. If the Center cannot hold, the Left will try to step in, and contend with the Right for the national leadership once more.

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CSO: 4200/588

MARCOS CONDITIONS ON RECONCILIATION GOVERNMENT, COMMUNISM WARNING

Bangkok THE NATION in English 29 Apr 87 pp 9, 10

[Article by Brian Mooney--"Marcos Offer: 'I Am Willing' To Help Fight NPA"]

[Text]

HONOLULU — Warning that the Philippines faced possible civil war, former President Ferdinand Marcos offered Monday to return home and work inside a government of national reconciliation to fight a communist takeover.

"If it's going to be an effective government and fight the communists — that's my condition," Marcos told Reuters in an interview at his exile home in Hawaii.

"Provided we can avoid a civil war, I am willing to go, but Madame (President Corazon) Aquino must not make the decision ... I think we can appoint an executive body which can be composed of all elements," he said.

"Let's forget the past. I did not have anything to do with the killing of her husband and she knows it."

He was referring to the 1983 assassination of Benigno Aquino at Manila airport, which began a series of events leading to the civilian-backed military revolt that ended Marcos' 20-year rule 14 months ago.

Asked whether he believed there was a serious prospect of a military coup in the Philippines, Marcos replied: "I don't think right now anybody is preparing for a coup. I am not. I would not encourage violence."

He said there were clear signs that the communists were organizing both a national government and regional administrations and asked: "Why has not

Madame Aquino done anything about it?"

Forthcoming elections for the legislature would be based on fraud and the Aquino government would not allow an independent check of the ballot paper, he said.

"It is going to be a turbulent period ... I am afraid that the violence could lead to civil war," he said.

Marcos set up home in a comfortable and unpretentious mansion here overlooking the Pacific Ocean after he was flown from Manila to the United States at the height of the pro-Aquino revolt. But the house on Makiki Heights is a far cry from the splendour of the Malacanang Presidential Palace in Manila from which he fled.

Marcos still regards himself as the legitimate president of the Philippines and as he explained his case aides brought copies of documents supporting his claim.

He was talking in his drawing room. On the piano were photographs of his days of former splendour, including one of him with President Reagan. Nearby was a framed hand-written Valentine's Day poem from Marcos to his wife, Imelda, proclaiming his love and hopes for the future.

Under the terms of his political asylum in the United States, Marcos is effectively barred from returning to the Philippines unless Aquino gives her consent. She appears in no hurry to do so.

The 69-year-old former president, who looked fit but admitted he was not fully well and was under doctor's orders not to fly, said he would be prepared to work alongside Aquino provided she were not the decision-maker.

But he accused her of appeasing the communists and predicted that an economic and social collapse would lead to a communist takeover.

"Frankly, I think the communists are looking for a chance to take over ... we suspect that there is already an agreement with the communists and the Philippine Government," Marcos said.

The Philippine Armed Forces were growing tired of Aquino's attempts to placate the communists and at what he called her connivance with their National People's Army (NPA), he said.

This had grown from a force of 10,000 when he was president to more than 30,000 today, he said. He alleged there were pictures that showed Russians unloading arms for the NPA in the north-eastern part of Samar Island, in the eastern Philippines.

"I can tell you one thing — the people who are running the armed forces do not think much of

Madame Cory Aquino," he said. "There is a very open rift between the military and Madame Aquino. The principal reason why they are ineffective against the communists is that she holds them back."

He said Aquino was under the control of her executive secretary, Joker Arroyo. "She will not do anything without his approval and he is a communist," he said.

Discussing his health, Marcos said doctors had ordered him not to fly because he had a vertigo problem that affected his balance. He had also developed an infection of the lungs, which had filled with phlegm and affected his throat.

He said a shrapnel war wound on his left knee was causing him pain. He talked about his apparent immobility but then added: "I can get around."

His doctors had ordered him to take a nap for up to two hours each afternoon.

Marcos said he had regular contacts with senior officers in the Philippine Armed Forces.

"They call me up and I always tell them 'your principal enemy is the communists, not Corazon Aquino'. But their answer always is 'but she is in partnership with the communists.'"

CSO: 4200/588

PHILIPPINES

NORTHERN LUZON NPA SPOKESMAN ON GUERRILLAS, AQUINO

Quezon City ANG PAHAYAGANG MALAYA in English and Tagalog 2 Apr 87 p 3

[Article by Jun Lopez: "NPA Guerillas Mark 18th Year"]

[Text] On the Sierra Madre, Aurora Province, rebel fighters stilled their guns for the celebration of the New People's Army's 18th anniversary last Sunday. Even so, they are preparing for a "deadlier war" against AFP units concentrated in places forgotten as NPA expansion areas.

"There's a connection between fighting strength and expansion and growth of NPA formations [in Tagalog]," Ka Gil, as NPA spokesman in Aurora and Nueva Ecija, told Malaya.

Assessing their gains after one year of expansion, Ka Gil said the NPAs have gained grounds in almost all barrios in the two provinces. "But we still have to consolidate these barrios," he added.

The NPAs have transformed itself into full-time guerilla units (Ganap na Yunit Gerilya) and is now capable of fielding undersized companies in the provinces.

"There has been an increase in the quality of weapons, and they have gained more experience in fighting," Gil said, "although there is still room for improvement [in Tagalog]," Gil added that about 50 per cent of the guerrillas are scheduled to undergo Batayang Kursong Militar (basic military course), a one-month military training conducted in a rebel military camp.

Since the Lupao massacre, where 17 farmers were killed by overzealous soldiers, over a month ago, a swift change in military deployment has been noted in the province.

The 14th Army Infantry Battalion, which was involved in the Lupao killings, has been replaced by the newly-trained 60th IB from Fort Magsaysay.

Since almost two weeks ago, an oversized battalion of marines under the 5th Marine Battalion has been "mysteriously" deployed in the whole province of Aurora, virtually turning the coastal province into a "war zone."

The 126th PC Company based in Nueva Ecija is also supporting an armed anti-communist group known as Guardian Angels which carry former activist Nilo Tayag's Filipino ideology.

Its main purpose was to isolate the revolutionary movement from their mass base through infiltration, the rebels said.

The armed group, with former rebels as their leaders, is supported by the military, which taps the volunteers for counterinsurgency operations.

"We will concentrate our attack on the leaders of FI (Filipino Ideology) and its armed group, on the Civilian Home Defense Forces, warlords and their private armies and regular troops," Ka Gil said, bowing to "crush the enemy as soon as possible."

Ka Gil added that the revolutionary movement has also changed its attitude towards the Aquino government.

Upon the ascension to power of Mrs. Aquino, the rebels adopted a policy of "critical participation." They supported President Aquino's "pro-people policies" and criticized its "anti-people, pro-imperialist, and anti-nationalist" tendencies.

"Cory Aquino has become another puppet of US imperialism," Ka Gil said, adding she dared not to oppose the conditions imposed by the IMF-WB on the country's economic recovery program.

For almost two decades, the country has been mired into poverty due to the unjust impositions of these "imperialist powers," Gil said, "and Aquino, by continuing what Marcos did to the country, has become a willing servant of the US."

The Aquino government, Gil added, does not have a comprehensive program to alleviate the sufferings of the people.

Although the government has its own land reform program, there is no indication that it is capable of solving the peasants' problem, the NPA cadre leader said.

The revolutionary movement has helped many peasants in the two provinces reacquire their lands grabbed by landlords, the rebels also have helped reduce the prices of pesticides and fertilizers, and land rent and eliminate usury, said Ka Gil.

The government's counterinsurgency programs, Ka Gil added, were recommended by US officials. He cited as an example the "low intensity conflict" scheme which is being implemented in Latin American countries.

Ka Gil said the Aquino government can not crush the revolutionary movement by the end of her term. "She is not really solving the problem of the People [in Tagalog]" Ka Gil said, adding that insurgency rises when there is rampant human rights

violations and denial of individual freedoms, such as freedom from hunger, poverty and want.

"She cannot stop the uprising of the people and this will cause her downfall [in Tagalog]," he said.

"If she can solve the fundamental problems that have long caused the sufferings of the people, then there is no reason for waging this war," Gil said.

Ka Gil said he sees a bloody May 11 elections in the two provinces with warlords prepared to have their candidates elected at whatever price.

He said the coming elections are part of a program to set up a pro-US Congress.

"We will not sabotage the elections, we will not campaign for boycott, either will we campaign for participation," he said.

He said the revolutionary movement recognizes the efforts of progressives and the liberals to present to the people a nationalist program of government.

On their part, "We are with the masses at election time [in Tagalog]," he said.

[Photo caption] Time Out From Fighting--Two rebel fighters ham it up before journalists who visited their camp somewhere on the Sierra Madre in Aurora province a day after the 18th anniversary on Sunday of the New People's Army. Note the crucifix worn by the guerilla on the left and the hammer and sickle printed on the shirt of the other. (Mon Acasto)

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CSO: 4200/579

ILIGAN BISHOP: MNLF-NPA TIES COMPATIBLE WITH AQUINO PEACE MOVES

Bangkok THE NATION in English 30 Apr 87 p 9

[Text]

MANILA, Philippines — Communist and Muslim rebels have forged an alliance in the southern Philippines, but a Roman Catholic bishop who witnessed the informal union said yesterday it bodes well for President Corazon Aquino's peace efforts.

Leaders of both rebel groups in Lanao Del Norte Province were to meet again to promote Christian-Muslim dialogue and "identify the real sources of people's problems" on the strife-torn island of Mindanao, Bishop Fernando Capalla said in a telephone interview.

Capalla denied that Monday's meeting between leaders of the Moro National Liberation Front and the communist-dominated National Democratic Front was aimed at planning future joint attacks by the two rebel groups on government forces.

He acknowledged that one of the conference's workshops put out a report saying the possibility of joint rebel attacks in the province was discussed as an alternative "if all other means are exhausted." And even that, Capalla, added, "was not the stand of everybody else."

The meeting, held in an undisclosed place near Iligan City, Capalla's diocese, was attended by more than 100 fighters from the MNLF, which has been fighting for Muslim rule in the southern Philippines since 1972, and

members of the Communist New People's Army.

Local reporters were invited to the meeting on condition they would not reveal the site.

Press reports from the area quoted NPA provincial commander Jogan Montes as telling reporters after the meeting that the possibility of joint NPA-MNLF attacks on government forces was "inevitable because our enemy is one and the same."

The local MNLF chieftain, identified only as Commander Solitario, said the alliance between the two groups was necessary because "we have the same enemy, we operate in the same area and we have common interests."

Both guerrilla leaders said their alliance was informal, and indicated it was forged only at the provincial level and was not necessarily binding on the two guerrilla groups' top leadership.

The MNLF has threatened to renew hostilities if current talks with the government on regional autonomy for Muslims collapse. Talks between the government and the NDF, the communist rebel umbrella organization, collapsed in February, but Mrs Aquino said she intended to pursue peace talks at the provincial level.

Capalla said he was invited to Monday's "historic meeting" as the province's chief peace negotiator,

and that both rebel groups pledged during the conference to "keep the peace" while he pursues consultations with other groups in the province.

He said both rebel groups have agreed to attend a peace rally he is organizing in Iligan tomorrow.

"I think (the meeting) was a positive occasion," Capalla said. "As far as the church is concerned, it enables us to understand the aspirations of the two groups, so I was happy to be there."

He said he discussed the meeting with Mrs Aquino earlier this month and added that the president encouraged him to attend and conduct the series of consultations he plans

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CSO: 4200/588

NPA EXECUTES GAD CANDIDATE

Manila THE MANILA TIMES in English 17 May 87 pp 1, 6

[Article by Joel Gaborni]

[Text]

A CONGRESSIONAL candidate of the Grand Alliance for Democracy in Kalinga-Apayao was executed by New People's Army guerrillas last May 9, almost two months after the victim was kidnaped by the rebels.

The Agence France Presse said the NPA issued a "communique" in Baguio City, claiming that candidate George Bargas was executed after he was found guilty by a revolutionary tribunal of committing "crimes against the people."

Bargas, a former mayor of Luna, Kalinga-Apayao, was abducted by the dissidents shortly after he filed his candidacy before the Commission on Elections.

The rebel communique claimed that Bargas was found guilty of conniving with the military in fighting the local rebels by approving a municipal "resolution last year" allowing the military to drop "chemical bombs" on areas in Luna suspected of being NPA lairs.

Bargas was also found guilty by the NPA court of ordering

the murder of Pudtol mayor in 1984.

The communique added that another former mayor, Guillermo Barzatan of Sta. Marcela, Kalinga-Apayao, was also facing charges before a "people's court."

Barzatan was kidnaped three weeks ago by NPA guerrillas.

The slaying of Bargas brought to at least 78 the number of people killed in election-related violence since March 9.

Bargas was also the fourth candidate slain during the same period. The first to be killed was Tito Abao, a Liberal Party (Salonga Wing) congressional bet in Misamis.

Abao was gunned down by unidentified armed men last March 15 somewhere in Misamis. On April 9 Alberto Dulaas, a Lakas ng Bayan candidate, was also killed by unidentified armed men.

Arnulfo Tatoy, a Lower House candidate under the left-leaning Partido ng Bayan for the 2nd district of Lanao del Norte, was killed on election day.

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CSO: 4200/588

EDITORIAL VIEWS OCAMPO STATEMENT ON NPA ARMS ESCALATION

Manila THE MANILA TIMES in English 7 May 87 p 4

[Editorial: "Is Ocampo Boasting about NPA Arms?"]

[Text]

WAS Communist leader Satur Ocampo boasting when he told the Associated Press Tuesday that the New People's Army (NPA) will match modern US weaponry being deployed by the New Armed Forces of the Philippines in the anti-insurgency campaign?

He could be. But then he could also be serious, considering persistent reports lately of sightings of landings of arms for the rebels. Camp Aguinaldo has branded the intelligence reports "unverified" but still they persist. In any case, NAFP Chief Gen. Fidel V. Ramos has given assurances that government forces were prepared to cope with any escalation of violence by the NPA.

Ocampo's statement comes at a time when similar developments in the Vietnam War brought in military assistance from communist allies, including the Soviet Union.

The extensive use of gunships by the military and the resort to modern booby traps (land mines) by the NPA are latest trends that portend escalation in violence vis-a-vis the congressional elections on Monday and the local elections on August 24.

We discerned, however, a conciliatory tone in the Ocampo interview. He acknowledged President Aquino's popularity and kept the door open for peace negotiations.

Ocampo, his wife, Carolina, and colleague Antonio Zumel, had earlier expressed receptivity to a genuine communist participation in elections and other democratic processes.

Such openness, however, could have arisen only from proposals of prominent citizens such as former President Diosdado Macapagal, former

Senator Raul S. Manglapus and former Defense Secretary Juan Ponce Enrile, calling for the repeal of the Anti-Subversion Act (RA 1700) that outlaws the Communist Party of the Philippines and related organizations.

Repeal of the law would automatically restore the political and human rights of our communist countrymen and liberate them from being second-class citizens in their own country. Such restoration of rights also will remove the reasons for hiding in the hills and fighting government troops.

President Aquino is reportedly under pressure from our US ally not to lift the ban. And yet in America, as well as in many other countries of the world, the communists enjoy civil liberties and freedom, including the right to vote and seek public office.

Until we have given back to our communist compatriots their full Filipino citizenship, and they have spurned our gesture of patriotism, we should not consider them irrevocably lost and deserving to die by gunships and missiles.

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CSO: 4200/588

MILITARY SAYS FARMERS' GROUP BEHIND CEBU PROVINCE EVACUATIONS

Bangkok THE NATION in English 4 May 87 p 10

[Article by Casiano Mayor]

[Text]

MANILA — Thousands of villagers have fled their homes in the central Philippines to escape harassment by anti-communist vigilante groups, a human rights group said yesterday.

The Ecumenical Movement for Justice and Peace said about 2,000 people had left their homes in Cebu island because of alleged "threats and atrocities" by the groups.

It said most of the evacuees were members of leftist farmers' groups, including the militant group called Pamaso which has been leading anti-government demonstrations in the province.

"Waves of evacuation occurred due to continuing harassment by anti-communist groups," a spokesman for the human rights group told Reuters.

He said the vigilantes suspected them of sympathizing with communist insurgents waging an 18-year guerrilla war across the country.

Government and military officials denied vigilante groups caused the evacuation and said it was used as "propaganda" by Pamaso. They did not say why the villagers fled but said the evacuation stopped last week.

"Based on findings of persons who went to the mountains led by a parish priest and military personnel, it is not correct to say that the evacuation was due to harassment by anti-communist groups," Cebu military chief, Colonel Anselmo Avenido, said.

"This is more of a propaganda by Pamaso, a left-leaning farmers' group utilized by the Communist Party. Those who fled were mostly supporters of Pamaso and their families," Avenido added.

He said the Toledo and Balamban areas around the provincial capital, Cebu city, used to be visited by the Marxist New People's Army.

But after a rebel commander was killed in an encounter with soldiers last month, "the people felt emboldened and formed a village defence system."

In Manila, police blamed communist rebels for the murder of a policeman.

A spokesman said Alberto Alavarez, 50, was washing his car in front of his home in a Manila suburb when he was shot dead Saturday by two men believed to be members of the "Sparrow Unit," a communist death squad.

More than a dozen policemen have been shot dead in the Manila area since January. — Reuter

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GOVERNMENT URGED NOT TO ABANDON ANTIGRAFT EFFORTS

Quezon City BUSINESS DAY in English 13 May 87 p 4

[Commentary by Ricardo B. Ramos in the "To Take a Stand" column: "Graft in Government, II"]

[Text]

Now that the elections are over, the Aquino administration can already concentrate in its executive function of governing the country. And at the heart of government service itself is a very vital issue and a concern of the citizenry: graft and corruption in public administration.

Late last year, Cardinal Sin called the attention of the people on the continued corruption in public service through a pastoral letter read in the churches of Metro Manila. President Aquino initially responded with a "name names" position but later did something more concrete: she appointed then presidential counsel Rene Saguisag to head a special committee on graft and corruption. The presidential action placated the public clamor since Saguisag symbolizes sincerity and honesty in government service.

PUBLIC RESPONSE. There was an overwhelming public response as indicated in hundreds of letters received by Saguisag's office in Malacañang with their complaints or offers of assistance to the presidential anti-graft committee. Others

sent in suggestions, while some gave books and other literature on the subject matter. It appeared that the people wanted the crusade for a clean and honest government to succeed. But it was not to be.

After a month or so, newspaper columnists commented on the inaction of Saguisag and his committee. Chairman Saguisag promptly responded with a letter longer than the different columns written on the matter and clarified that his committee's task was not graft busting. He pointed out and promised that an "academic study" on the problem and prescriptions of bureaucratic corruption would be submitted within "one hundred days" from January 7.

PROMISE. Unfortunately, Saguisag neither busted graft in government nor produced the study, as promised. Instead, he became a senatorial candidate personally chosen by the chief executive herself. And true enough, it seemed that the people forgot all about it during the election campaign period. The last that was heard of Saguisag's "select" committee was during the April 8 Cabinet meeting. It was announced that Cabinet secretary Jose "Ping" de Jesus was taking over the coordination of all government anti-graft efforts.

Perhaps the national leadership should now seriously attend to the problem of graft in government. No less than Health Secretary Alran R.A. Bengzon categorically stated last month "there are new thieves in high places in government." The Filipino people are fortunate to have a member of Cory's Cabinet who has the courage and conviction to speak out the truth, even though it may not be what the Aquino administration would like to hear.

It is also worth mentioning that among all the position papers submitted by the different departments to the Office of the President as requested by then Cabinet secretary and deputy executive secretary Fulgencio "Jun" Factoran Jr., that of the Department of Health stood out in its analysis and for the actual work done in the department to combat corruption. DOH has saved some P50 million at its central office alone by eliminating the usual 30-40% overpricing practice of the past and has removed some 60 corrupt key officials.

SOLUTION. Last January 27, I wrote about graft in government. Basically, it touched on the preventive and prosecution aspects as essential elements of the solution. "Preventive" would refer to reducing red tape and too much discretion via procedural improvements and clear-cut rules and regulations. Also important is a more realistic emolument to government employees in order to preserve their self-worth or dignity, and attract more competent persons to civil service.

"Prosecution" would mean sending to jail corrupt public servants and this should serve as deterrent for future acts of malfeasance.

Since it is virtually impossible to go after all the crooks in the bureaucracy, a systems approach to the problem can be done to minimize the occurrence of graft. Thus, an analysis of the processes involved in the operations of government is a *sine qua non*. It is in the methods or procedures of procurement, bidding (for awarding of contracts), and in rendering service to the public where improvements must be introduced. It really goes without saying that graft thrives be-

cause of the inefficiency of the system.

Not unless a full-time and specialized government body is constituted to act as the "central authority" on systems development, the government system will remain inefficient and graft will never be eradicated. This body can manage the processes via procedural improvements, people via human resource development, and structures via reorganization of government agencies.

Just recently, President Aquino abolished the Presidential Commission Reorganization through Executive Order 165 and transferred its remaining functions to the Department of Budget and Management "to streamline operations and eliminate unnecessary duplication of functions." This is definitely a move in the right direction. The less government agencies, the better for the bureaucracy.

SUPERBODY. Thus, it is suggested that a "systems superbody" be created, composed of the Department of Budget and Management, the Civil Service Commission (because of its new constitutional mandate and the attachment of the Development Academy of the Philippines and the Career Executive Service Board), the Commission on Audit, and the National Computer Center to apply information technology to enhance the efficiency of public administration. The importance of close cooperation among these government agencies cannot be overemphasized.

Without a total approach to the problem of graft and inefficiency in government service, any effort is bound to fail. It is just like traffic management: the education, enforcement, and engineering requirements must be undertaken at the same time. If not, chaos and congestion on the streets continue.

Only former Postmaster General Roilo Golez, among all the senatorial candidates, clearly expressed interest in pursuing efficiency and combatting corruption as part of his legislative agenda, once elected.

Perhaps President Aquino would now seize the opportunity before the opposition does the same when Congress convenes.

LOCAL INVESTMENT SURPASSES FOREIGN SOURCES

Quezon City BUSINESS DAY in English 8 May 87 p 3

[Article by Gethsemane Selirio]

[Text]

Filipino entrepreneurs, not foreigners, were the top equity investors in their own country during the first quarter of the year.

Some P461,288,000 worth of investments in either wholly Filipino-owned or joint-venture projects were approved by the Board of Investments (BOI) from January to March of 1987. This figure is 214.8% higher than the P44,915,000 approved in the same period last year.

In contrast, foreigners invested only some P332,857,000, down by 30.7% from the investment figure from January to March 1986. Last year, foreigners had invested P480,145,000 during the first quarter mostly in joint venture with Filipinos.

On the whole, equity investments in the country increased by 26.7% to P794,145,000 (from P626,689,000 in 1986) during the first quarter in 1987.

Trade and Industry Secretary Jose S. Concepcion, Jr. has noted that the 26.7% increase in investments this year is a sign that the Philippines is starting on its "economic boom." He did not point out, however, that most of the investments from January to March 1987 were made by Filipinos and not by foreign investors.

The government has been actively encouraging investment by local businessmen through various trade incentives and promotions.

The biggest Filipino project approved by the BOI was for the production of spun yarn, worth P124,309,000. The Indo Phil Textile Mills, Inc. owns roughly 44% of the project. The rest is owned by investors from India.

DECLINE. Businessmen from the Asian region led the pack in the first quarter investments approved by BOI. Some P182,489,000 were pumped in by Asian

countries but they failed to match their P215,896,000 worth of investments in the first quarter of last year.

The new industrial power, Japan, likewise cut its equity investments in the Philippines to P76,212,000 from the 1986 first quarter investments of P203,994,000 (resulting in a 62.6% drop in investments).

All other regional blocs, except Europe, decreased their investments to virtually nil during the first quarter. Australia and the Oceania countries (Nauru and New Zealand) dropped its equity investments by 75.9% to P16.638 million. Central America and Africa, while traditionally are not active trading partners of the Philippines, did not have any equity investments in the country from January to March 1987.

What must be the most disappointing figure for the Aquino government in the 1987 investment profile is that the North American region

— which includes the United States and Canada — dropped its equity investments by 75.8% to P42,334,000. Last year, investments from North America totaled P174,829,000.

The US invested only some P41,734,000 from January to March 1987, compared with its P174,159,000 worth of investments in the same period last year. Canada almost maintained its P670,000 equity investments in 1986 when it pumped into the country some P600,000 this year.

SUPPORT. While the Americans have been the more vocal of their support for the Aquino administration, it is the Europeans who have shown more support when they increased their equity investments this year by 439.1% from 1986. A total of P84,492,000 were invested by European countries from January to March of 1987, in con-

trast to their P15,674,000 investments in the same period last year.

The bulk of these investments came from Austria, Denmark, Great Britain and the Netherlands.

Among the European companies that invested in BOI approved projects (in joint venture with Filipinos) are Voest Alpine AG of Austria, East Asiatic Co. Ltd. of Denmark and City Farm Ltd. of Great Britain. The Austrian firm invested P25,665,000 for the modernization of existing mine and mill machinery of the Acoje Mining Company. The Danish firm invested P22,715,000 for the production of lumber and lumber products in a joint project with the Luzon Mahogany Corp. The British firm is into a P11,000,000 prawn hatchery with the City Prawn International Phils., Inc.

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CRC URGES PESO DEVALUATION TO STIMULATE EXPORTS

Quezon City BUSINESS DAY in English 4 May 87 p 2

[Article by Julie C. del Castillo]

[Text]

The government should stop defending the peso at all cost and allow it to seek its realistic value vis-a-vis the dollar if it wants the country's export rate to boom in the next few years and achieve its avowed goal of an economic turnaround.

This is the "prescription" of Francisco G. Trinidad Jr., research tutor of the economic forecasting unit of the Center for Research and Communication in a paper that describes the government's current policy of defending the peso as "romantic but absurd."

In a word, if he were in charge, Trinidad said he would devalue the peso at an annual average of 2% to 3% over the domestic inflation rate ... or a projected average peso-dollar rate of P22.41 to \$1 in 1987 and P24.96 to \$1 in 1988 — to stimulate export, particularly of non-traditional products, and hasten the pace of economic recovery.

SLOW GROWTH. Trinidad said under the present set-up the desired recovery and turnaround would still be possible. But, he said, export would grow too slowly because of the "policy bias" that allows the exchange rate to depreciate "largely on the basis of changes in the level of our international reserve, rather than on the differences between the inflation rate in the Philippines and those of our trading partners."

Despite the benefit of a foreign exchange rate policy oriented towards export promotions, Trinidad said the Aquino government is expected to maintain its policy of "unrealistic and traditional foreign exchange rate management" for political reasons.

In his paper, entitled "The Comeback of the Philippine Economy (A 'Big Bang' — First-Class Flop?)," he said a major political consideration for the government's continued defense of the peso is its need to keep

domestic prices stable although at the expense of faster economic growth.

SCENARIOS. The paper outlined two possible scenarios for the government's foreign exchange rate policy and its projected result this year and in the next.

In the first scenario, Trinidad assumed that the government would continue to "keep the peso stable" on the basic theory that a stable foreign exchange rate would reflect the economy's "stability and strength" and therefore competent economic management and effective government leadership.

On the other hand it is assumed in the second scenario that the country's financial officials would prescribe a realistic foreign exchange rate policy because a continued defense of the peso would result in instability in the balance of payments."

More importantly, a realistic peso-dollar exchange rate is expected

to bolster the country's exports and stimulate new major infusion of both domestic and foreign capitals.

In both scenarios, however, Trinidad projected gains in the economy, although the expected growth in the first proceed much more slowly than in the second.

"On the whole, the second scenario yields higher growth figures for 1987 and 1988 than those based on the first ... our overall economic situation in 1986, in fact, only underscores the need for a more realistic export-oriented foreign exchange rate policy to hasten the pace of our economic recovery," Trinidad said.

On the assumption under the first scenario that the exchange rate would be allowed to depreciate largely on the basis of changes in the Philippines's level of international reserves, he projected that total investment will grow at about 5.7% in real terms in 1987 and 7.5% in 1988. (He projected that the exchange rate would hover between ₧21.19 to \$1 this year and ₧21.94 to \$1 in 1988).

INVESTMENT. In spite of this growth, the overall investment picture may not be "vigorous enough" to enable the investment sector to tap its big share of about 25% to 30% of the gross domestic product before the onset of the economic crisis. He said the sector would at best chalk up only around

12% of the gross domestic product this year and in 1988.

Forecasts for the first scenario also highlight a real growth in exports of about 7% in 1987 and in 1988. Non-traditional exports are expected to rise by about 9% to 10% while total manpower export earnings are estimated at around \$780 million in 1987 and about \$900 million in 1988.

Imports are projected to grow at around 10% to 11% in 1987-1988 because of a recovery in overall finance for imported products and the lifting of import control.

Likewise, the agricultural and industrial sectors of the economy are also expected to post growths this year and in 1988, primarily due to the improvement in the investment climate, Trinidad said.

While such forecasts based on a "traditionally managed" foreign exchange rate seem to point to a better economic picture, Trinidad said the situation would be far better if the government would abandon defending the peso and instead allow it to seek its own value.

If the government decides to adopt such a policy, he said the peso-dollar rate would depreciate to about an average of ₧22.41 to \$1 this year and ₧24.96 to \$1 in 1988.

INFLATION. However, he said a tradeoff would be higher inflation (than in the first scenario), although this would not be high enough to be destabilizing.

"My calculations show that the government can hold inflation within the socially acceptable threshold of 10% per annum," he said. "A reasonable monetary policy can prevent the outbreak of rapid inflation without stifling growth," he added.

In his projection under the second scenario which considers a foreign exchange rate policy oriented towards export promotions, Trinidad said the GDP may grow by 4.6% in 1987 and 6.7% in 1988, compared to 3.3% in 1987 and 4.5% in 1988 under the first scenario, and full economic recovery would be achievable by next year.

Exports are also projected to rise by 10% in 1987 and 15% next year, with merchandise export earnings reaching \$5.1 billion in 1987 and \$5.7 billion in 1988.

"One side effect of export promotions through the adoption of a more realistic foreign exchange rate is the channeling of more investment into non-traditional export industry. Assuming that the country's political situation stabilizes, the real growth of total investments, under the

second scenario, [words illegible] allow the government to generate more taxes and hence reduce the budget deficit.

"As a policy tool, the exchange rate is most useful for having a strong economic comeback. In the past, our monetary authorities had a lot of opportunities to do so, but hesitated to do what they had to. I am afraid the first scenario will pervade in the next two years, because our leaders and policymakers may be deterred by the political implications and the speculative pressures that an export-oriented foreign exchange rate may entail," he stressed.

/9317

CSO: 4200/588

PUBLIC OPINION EXTREMELY IMPORTANT TO LEADERS

Hanoi NHAN DAN in Vietnamese 20 Mar 87 p 3

["Party Construction" column: "Public Opinion and Leaders' Decisions"]

[Text] Every renovation process of a revolutionary nature is an internal campaign of a social system or organization. It is a process of educating, organizing and assembling a force representing a new trend, ideology, will and feeling. For this very reason, a renovation process is always closely connected with the pursuit, orientation and formation of public opinion.

The state of mind of the masses and public opinion are two extremely important spiritual factors directly and strongly influencing quality and effectiveness in organizing achievement of the positions and policies of the party and the programs and plans of the state. The Political Report of the Sixth Party Congress stated, "Concerning the programs directly relating to the lives of the people on a nationwide scale as well as in each local area and basic unit, party committee echelons or administrative agencies must solicit the opinion of the people before making decisions. The people know, the people discuss, and people act and the people inspect; this is the daily procedure of the new society, expressing the system of a laboring people in self-management of their state."

This objective requirement forces each party organization and party member cadre, especially key cadres in all echelons and sectors, to regularly follow and maintain close contact with the reality of the lives of the laboring people, to observe and profoundly analyze all occurrences, to be sensitive to change in daily social relations, and to accurately and promptly grasp the state of mind and opinion of the masses.

Public opinion is unification of the general opinion of the social collective on a certain event or request. It reflects the general spiritual condition of a position or matter which the majority supports and is ready to respond to or the contrary. Following and firmly grasping public opinion must be regularly and promptly achieved by the following four primary communications channels:

First of all, it is necessary to mention the most important communications channel with a direct effect on leadership and management, the responsible opinions of party member cadres in examining and evaluating the state of mind

of the masses through gathering and analyzing the opinions of agency and enterprise labor collectives, and the environment of daily life and activities. Like a special kind of tape recorder and thermometer, the cadre and party member must listen to and select the sincere opinions of the masses, and measure the temperature of the masses' state of mind to both properly perform his own work and to reflect and promptly report his observations to upper echelons when necessary.

The second channel requiring special attention consists of the letters, accusations and complaints of the masses and people submitted to party organizations and leadership cadres. These are opinions of individuals or collectives reflecting in a fairly straightforward manner the state of mind and opinion of related objectives. Party organizations and leadership cadres must regularly follow, specifically analyze, fully integrate and especially provide for prompt answers or disposition. Unanswered opinions and aspirations will create a pessimistic, discouraged and doubtful state of mind. "Anonymous" petitions and letters in principle require no resolution by authoritative agencies and cadres but they must follow and actually inspect the related work and objective situation. This unofficial type of communications to a certain degree must also give attention to analyzing the work situation and direction.

The third channel, related to many kinds of objectives over a broad scale and of a regular and systematic nature, consists of the press, publications and all means of mass communications. The close connection with the reality of life, sensitivity to new things and obstacles, and broad reflection and effect of this type of communications channel are important characteristics forcing leadership organizations and key cadres to give regular concern, to establish priorities, and to formulate plans of prompt and effective use. Uncle Ho often read the newspaper to learn of good people and good work. He called for careful reinspection and if the truth, decided awards to promptly orient and form good public opinion.

This communications channel both reflects the state of mind and opinion that has and is occurring and at the same time also indicates the direction of activity and development of social psychological conditions among the masses due to its own effects. This richness and sensitivity demands that party organizations and leadership cadres firmly grasp and know how to effectively use all the mass means of communications.

Fourth is the communications channel in which the party organizations and key cadres actively implement investigation and research in accordance with definite requirements. By interviews or direct conversation, or by questionnaires, observation data and notes, research agencies must analyze and compile the necessary conclusions and viewpoints on the state of mind and opinion of the masses on a scale necessary to make accurate and effective decisions on major work positions and important methods.

At the present time, many agencies and enterprises in various sectors and echelons have used the investigative methods of this communications channel to determine the level of leadership prestige, the confidence, positive nature

and conscientiousness of the masses, the state of mind and aspirations of the masses, sympathetic or opposing opinions on an event or work position, etc.

An important and pressing issue is the need to immediately use investigative results after analysis and evaluation to bolster and raise the prestige of leadership, to strengthen solidarity with the masses, and to motivate the positive nature and conscientiousness of laborers in organizing achievement of work positions.

President Ho Chi Minh affirmed, "Whatever the task, if you want to do it well, you must emphasize the opinions of the people." By the communications channels above, party organizations and leadership cadres must absolutely know how to follow and firmly grasp the people, primarily the thoughts and desires of workers, farmers and laboring intellectuals engaged in direct production of material and spiritual products for society.

Openly answering and replying to the thoughts and aspirations above on the basis of profoundly understanding the duties and obligations performed by the people and their actual accrued benefits is one of the most important requirements of leaders in maintaining the confidence and alliance of the people, and in raising prestige and effectiveness in organizing achievement of the new mission.

The three economic objective programs in grain, consumer goods, and export production, and the requirements of the campaign to purify the party and raise the leadership ability and combat strength of party organizations can only be effectively attained and successfully achieved when they become aspirations of all the people and receive sympathy and support from all levels of the people.

To strongly achieve, one must know how to talk in order for everyone to agree and join in, although saying little and doing a great deal is necessary. Following and influencing the state of mind of the masses, firmly grasping the opinion of the masses, and promptly orienting and forming the social opinion necessary for achieving work positions and revolutionary action mass movement is an indispensable and extremely urgent requirement for party organizations and leadership cadres in all echelons and sectors.

The voice of a leader with prestige coordinated with specific and consistent work always has a sensitive and effective influence on the state of mind and opinion of the masses on a broad scale. The desires and expectations of the people are like an objective requirement of human alliance.

The viewpoint of our party to use the people as the supporting base must be thoroughly understood from the roots to the top, meaning that the entire proletarian dictatorship system and not just one small branch must "use the people as the supporting base." The leadership cadre, including while engaged in achievement of his management and leadership functions, must truly be a representative of the people.

7300

CSO: 4209/434

COMPLAINT, GRIEVANCE BACKLOG STILL EXISTS

Hanoi NHAN DAN in Vietnamese 20 Mar 87 p 3

[Unattributed article: "What Deserves Concern in Resolving People's Grievances?"]

[Text] Thirty provinces and cities, and 20 ministries and sectors of the central government during 1986 received 58,542 grievance petitions, a decline of 11.1 percent compared with 1985; 57.5 percent were complaints, 32.1 percent were accusations, and 10.4 percent were desires, proposals and requests. The State Inspection Commission received 14,672, an increase of 12 percent over 1985.

Accusations concerning cadres with position and power, corruption, bribery, and degeneration of ethnical qualities, complaints relating to policies of agricultural transformation, land reform, and the transformation of privately operated and capitalist industry and commerce, and many problems that were heard before rose again last year, especially during implementation of Directive 79 of the Secretariat on self-criticism and criticism in the party and the party organization congresses at all levels.

The State Inspection Commission received mostly accusations of cadres leading enterprises, corporations, hospitals and schools. Those under state management accounted for 18.3 percent; provincial and municipal management, 16.7 percent; and district, ward, subward, village and cooperative cadres, 48.2 percent.

During 1986, echelon and sector inspection organizations investigated, examined, reached conclusions and made suggestions to administrative elements for solution of more than 80 percent of grievances submitted by cadres and the people. Especially during implementation of Directive 79 of the Secretariat and preparation for the party congresses at all levels, many party and people's committee echelons and sector commanders concentrated supervision on the swift and effective resolution of thousands of matters backlogged for many years, and on many grievances relating to the leadership cadres of echelons and sectors within their jurisdiction.

Many provinces, cities, ministries and sectors achieved fair resolution results. These were Kien Giang, Haiphong, Hai Hung, Quang Ninh, Vung Tau-Con

Dao (with more than 90 percent); the provinces of Nghe Tinh, An Giang, Thuan Hai, Long An, Nghia Binh, Song Be, Vinh Phu, Dong Nai and Lam Dong, and the ministries of foreign affairs, energy, water conservancy, banking, and communications and transportation (with more than 80 percent). A number of localities such as Thanh Hoa, Nghe Tinh, Thai Binh, Ha Nam Ninh, Hai Hung, Nghia Binh and Dong Nai developed the role of the people's inspection organization at the basic level for participation in on-the-spot solution of grievances as they arise, therefore restricting the number of skip echelon petitions. In Vu Thu District of Thai Binh Province, 19 villages during 1986 had no petitions forwarded to the district and province.

The State Inspection Commission was assigned by the Secretariat and the Chairman of the Council of Ministers to examine complaints and accusations about cadres and party members on such problems as construction of the Bo Bridge and Xuan Hai Diike in Thai Binh Province; accusations against the Quang Nam-Da Nang Export-Import Corporation and the Trade Corporation of the Ministry of Education; the exploitation of sandalwood by a number of people in Nghe Tinh and Binh Tri Thien provinces, etc. Inspection clarified the right and wrong and proposals were submitted to the Secretariat and Council of Ministers for examination and solution. The State Inspection Commission also examined, made suggestions and resolved 24 complaints about the discipline of cadres, workers and civil servants in housing and land issues, etc., and participated in examining, submitting proposals on and resolving a number of housing complaints.

The examination and solution of public complaints and accusations also still has many weaknesses and shortcomings worthy of concern.

First of all, inspection organizations in all echelons and sectors have not yet fully achieved their state management functions in inspecting and examining grievances, and have given little guidance to inspecting the responsibility of sector and echelon commanders in implementing laws and regulations on examining and resolving the complaints and accusations of the public. Many locations have not let clarified management decentralization and staff work responsibility in examining, submitting proposals on and resolving grievances, especially at the district and ward level. Many inspection agencies have not yet correctly recognized their responsibility and are still replacing the responsible and management agencies. Inspection at all levels still lacks initiative in proposals for resolving complaints and accusations of the public and consequently, a large backlog still exists. Coordination between the state inspection organization and inspection agencies of the party and internal affairs sectors in a number of locations has still not become a regular procedure.

7300

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POLITICAL THEORETICAL EDUCATION OF YOUTH INTENSIFIED

Hanoi THANH NIEN in Vietnamese Jan 87 pp 20-22

[Article by Vo Van Can, acting director of Department of Propaganda and Training of Youth Union: "Increase the Effectiveness of Political Theoretical Education of Youth Union Members"]

[Text] To improve the quality of the political theoretical education of youth union members, gradually to put this task in the right track, and to help launch a mass movement to study political theories--a movement in which youth union members will be the activists--we must solve many basic problems arising from this task. These problems are related to the program, theme, and method of learning and teaching, and include the establishment and advanced training of the corps of lecturers, the guidance exercised by party organizations at various echelons, and the organization of task execution by union organizations at various levels.

Such a program must be a system of lessons to suit and meet the learning requirements of young people--the object of education. This program must be scientific and systematic and be formulated in accordance with the law of epistemology, for it is part of the political theoretical curriculum designed by the party to educate both its members and the masses. This program must thoroughly apply the precept of associating theory with practice, with party line and policy, and with recapitulated revolutionary experiences in order to help change the thinking pattern, especially in economic matters, and to help youth union members to develop a scientific, independent, and creative thinking method.

The contents of the program must aim to equip youth union members with an appropriate volume of knowledge needed to meet the requirements of the present revolutionary mission of our entire party and people. Experiences have demonstrated that it is not necessary to provide students merely with scattered data not fully conducive to the development of the Marxist-Leninist world outlook for male and female youths but that the question is to pay attention to the quality of knowledge, the systematic character of the intellect, and their relationships with practice. Therefore, the program of study must focus on the most basic subject matters.

In view of the requirements of socialist construction and the fatherland's defense in the new era, each youth union member must have a new level of political awareness, new concepts, and new abilities to take action. Therefore, political theoretical education must be improved to contribute to raising the overall standard of youth union members to keep up with the development of each revolutionary stage.

Along with rapid changes in social life during the revolutionary movement, many important changes have taken place among the young generation in our country,

Accounting for 27.1 percent of the population, the youth represent an important dynamic social force; they act as collective owners in building socialism and defending the fatherland at the present time and will, in the future, become the faithful inheritors of the glorious undertaking of the party and nation. They are present as spearheads of socialist construction and national defense and have been entrusted with heavy responsibilities. There are 650,000 young workers, 300,000 young scientific and technical cadres, 200,000 youth union members in state agencies, millions of students of general middle schools, 230,000 young students studying and working abroad, and 1.8 percent of managerial cadres under the age of 30.

In providing ideological education, in general, and political theoretical education, in particular, attention must be paid to important changes currently taking place among young people in order to improve and adjust rapidly the educational theme, form, and measures,

The Marxist-Leninist world outlook is being shaped for the youth of both sexes at a time when the ideological struggle between two world systems is fierce, tense, and complex. A seething scientific and technological revolution is taking place throughout the world and is penetrating and influencing all spheres of activity--economic, social, and ideological. Imperialism and the reactionaries are using modern means and playing propaganda tricks to hamper the development of the Marxist-Leninist world outlook among male and female youths. Therefore, to achieve the best effect, political theoretical education must gradually attain a higher scientific level and make use of modern means.

While providing political theoretical education for its members in the past years, our union has drawn initial experiences concerning substance of curriculum, learning and teaching methods, and organization of and guidance for their implementation. Especially worthy of note is the fact that the political theoretical education provided by the party has been carried out basically and systematically together with four types of (high level) program and that the relevant textbooks have been gradually compiled. Education has been provided for millions of party members to raise their political and ideological standard, to ensure their identity of views on lines and policies, and gradually to enhance their leadership capabilities and sense of responsibility. For more than half a century, our party has paid great attention to political theoretical education, implemented it, and accumulated valuable experiences in this matter. Today, the ideological task of our party is being updated with regard to substance, form,

organization, human factor, and educational means. This involves the renovation and increased effectiveness of the political theoretical education of cadres, party members, and the masses.

It is necessary to adhere to the direction, objective, and theme of the innovation of the political theoretical education provided by the party, to review our union's experiences in political education, and to study the political theoretical education experiences gained by youth unions in the fraternal socialist countries--especially by the Leninist Communist Youth League in the Soviet Union and the Free German Youth. To update the political theoretical education provided by our own union, we must concentrate on the following problems:

1. It is necessary to build a perfect system of political theoretical education programs for youth union members, and to ensure that it has a scientific and systematic character and provides a sufficient and realistic volume of knowledge to meet the learning requirements of young people who are the object of education. As part of the system of programs of political theoretical education provided by the party, the corresponding system of programs designed by the union must aim to instill in youth union members a basic knowledge of Marxism-Leninism, a know-how about economic management during the transitional period, an understanding of initial changes occurring during the transitional phase of socialist construction in our country, as well as a knowledge of our party, socialist state, Uncle Ho, Constitution and laws, revolutionary ethics, socialist lifestyle, Ho Chi Minh Communist Youth Union, and the resolution of the Sixth CPV Congress.

It is necessary to devise many special programs for youth union members who have not yet completed their general middle education, for those who have graduated from general middle schools and higher ones, for those who are workers, and for those living in rural areas (of course, all these programs must share some common topics). Following the creation of such a system of programs, the compilation of textbooks must be urgently started. This is a difficult, painstaking task which requires the ability to organize an editorial staff. Textbooks must deal accurately and understandably with the general Marxist-Leninist principles, and with the theoretical issues and experimental lessons drawn from the Vietnamese revolution, and must correlate these subjects with the lively realities of today's life.

2. The political theoretical education of youth union members must be directly guided by party committees at various echelons. The yearly plan drawn up by the party for political theoretical education has pointed out the need to guide the political education provided by the union. The corps of political theoretical lecturers assigned by the party includes those who are experienced, enthusiastic, and conversant with the union's affairs and the youth movement. Union organizations at the grassroots level must draw up an advanced training plan to create a stable body of theoretical lecturers to meet the learning need of youth union members.

In view of the role and objective of political theoretical education, party committees at various echelons must concern themselves with this task

and closely guide it. This requirement has been confirmed by experiences drawn from localities and installations which have properly organized the political theoretical education of youth union members in the past academic years.

3. A stable system of political theoretical education of youth union members must be built by means of many suitable and effective learning methods, and must be rationally organized from the central to the basic level, and governed by a rational statute.

During each year, a uniform theoretical education year for the entire union will begin on the anniversary of the union's founding and end on the anniversary of the VPA's founding. Youth union members will register themselves at union chapters at the grassroots levels; this will serve as a basis for categorizing them and keeping track of their learning process. Union organizations at the basic level must perfect and improve the quality of diverse forms of teaching political theories to union members. These forms have been confirmed in the past years and include union's general schools, periodic and monthly courses lasting 1 or 2 days, intensive and complete study within a fixed period, political clubs, Marxist-Leninist research groups, written examinations, and briefings on political issues among students of colleges and vocational middle schools. The education-guiding committees set up in many localities from the provincial to the grassroots level have had the practical effect of ensuring good success for the political theoretical education of youth union members. These experiences must be used as a basis for creating theoretical education centers for youth union members at the precinct and district levels, or for setting up method-devising councils at various echelons. Each such council will have two organs: one in charge of organization and control and another responsible for the teaching and learning method. The council's duty will be to assist union executive committees at various echelons in organizing, guiding, and following up the political theoretical education of youth union members. It will be necessary to draw up study plans, to guide the application of the learning method, and to manage, train, and improve lecturers. Symposia and teach-ins will be convened, data will be compiled on various topics, learning and teaching experiences will be reviewed and disseminated, and supervision will be exercised. The council chairman will be a member of a party committee at the corresponding echelon while the council secretary will be appointed by the chairman of the standing committee of the union chapter, and the council members will be party, administration, and trade union cadres together with experienced lecturers.

To stimulate the movement and to contribute to improving teaching and learning quality, union organizations at all echelons must apply various forms to motivate, praise, and reward outstanding lecturers and students with the aim of launching a seething movement to learn political theories throughout the union. Realities have demonstrated the youth union members' desire and ability to learn and assimilate theoretical subjects so that the question is whether their demand can be satisfied by union organizations at various echelons. Examinations must be held each year to select outstanding young students of politics, and graduation examinations must be held and certificates

issued at the end of each school year. It is suggested that youth union members who are brilliant students be recommended by the union and chosen on a priority basis for admission to propaganda and training schools and to party schools.

4. Material facilities must be built and the necessary means gradually reinforced to promote political theoretical education.

First and foremost, a minimum of study documents must be made available to union subchapters or chapters. We may ask youth unions in other countries to help us to overcome the paper shortage. Efforts must be made to endow each union installation with a "Young Communists' Bookcase" to promote the political theoretical education of youth union members. Our union will coordinate with the Su That Publishing House to build these bookcases (in which certain books will be provided by the Thanh Nien Publishing House). By assuming the execution of communist youth's projects and through the labor to be contributed by youth union members, it will be possible to provide the minimum material and equipment and facilities necessary to teaching and learning, and to motivate, praise, reward, and improve lecturers. Wherever the economic situation and technical conditions permit, it is necessary to use radio and television stations at the central and local levels to broadcast periodic and monthly lectures for students as well as directive programs for lecturers. If conditions are favorable, localities may use such means as motion pictures and slide projectors to illustrate lessons.

9332/9835

CSO: 4209/417

NEED TO INSTILL BELIEF IN COMMUNISM IN STUDENTS SEEN

Hanoi THANH NIEN in Vietnamese Jan 87 pp 14-16, 26

[Article by Nguyen Hong Mai, of Hanoi Cultural College: "Inspire Young Students with Communist Belief"]

[Text] The concept of "communist education" is, in our opinion, a vast and all-inclusive one. Communist education (or education based on the communist ideal) exists as a system of various educational forms which correspond to diverse aspects of life (political, ethical, legal, and esthetic) and which are applied to many spheres of activity--school, family, and society--with the objective of determining the direction in which the social (and essential) traits of each human being are to be shaped and developed. In turn, each educational form exists as a small system with its special contents and form, and exerts its effect on human beings through various educational methods--ideological and sentimental education, the teaching of ways to take action, and so on. Without a comprehensive, dialectical, and systematic outlook on "communist education," we will be unable to perceive the close relationships among the components of each system, and between the components of the small systems and those of the large one, and we will also be unable to explain the fact that the "especially serious decline" in the quality of political, ideological, and ethical education provided by schools (Footnote 1) (Directive No 25 of the Central Committee Secretariat) has led to and been influenced by the poor quality of the overall culture and of specialties and professions.

The political and ideological situation among students together with other facets of their behavior as revealed by sociological surveys have worried educators. The students' level of political awareness is still low and many of them have not yet adopted a scientific world outlook and are still indifferent to important events concerning their own nation and mankind. On the other hand, from the scant changes in data on the ideological situation of students from the year they enter schools to the year they leave them, we may infer that the degree of effectiveness of education is still low and that the active and positive effect which the schools have planned to exert on students is still unsubstantial. The development of the students' personality is still largely dependent on the spontaneity factor. After pondering and examining the situation, we have found rather serious shortcomings in matters of awareness. It can be said that we have not yet exactly and fully understood both the object and target of education.

Out students are living and learning in the last part of the 1980's. While being educated and trained in schools, they still maintain their own psychological and physiological characteristics and experiences of life which differ from those of older people, of persons following other professions, and of students educated in the beginning of this decade. The present students are strongly affected by the great changes that have taken place in this era. Lenin pointed out that "students are the most sensitive segment of the intelligentsia." (Footnote 2) (Lenin: "Complete Works," Vol 7, p 417) In addition to the youth's passion for novelties, the students' ability to assimilate rapidly and keenly the huge and complex volume of information (provided by the network of increasingly modern mass media) has led to a continuous change in their needs, aspirations, and tendencies. For this reason, the failure to inquire directly and earnestly into the students' situation in the present era will make it impossible to understand them fully and, of course, difficult to find an effective way of educating them.

Concerning the target of education, one may accept the general concept of shaping the new socialist man with the sort of typical qualities specified in official documents of the party and state. We believe, however, that educators must visualize a more realistic and specific model because we are responsible to history and the nation for training persons who will become entities able to act eagerly and creatively, to shoulder heavy responsibilities, and to accomplish revolutionary missions in the 1990's. This requirement certainly will not be identical with today's demands. During the new revolutionary stage, new missions will be carried out and new criteria for the new man will be set. The outward appearance (expression) of values may not change but the (expressed) essence of values has not remained intact. For example, there is a noticeable difference between today's criterion of "good work" and that applied 10 years ago. The shift from the simplistic concept of consciousness, motive, and attitude (diligence) to the concept which focuses mainly on productivity, quality, and effectiveness has entailed a major change in awareness. This change has taken place in response to the objective requirements of the actual situation.

While stressing his great concept that the universe is not an aggregation of finished and existent things but an aggregation of continuously changing processes, Engels reminded us of the need to avoid confirming it by words of mouth but to "apply it to each special environment and field of study." The need to update awareness is a prerequisite for any innovation in taking action. Because of their static way of examining the object and target of education, our educational methods and forms have usually fallen into formalism and conservatism. Most of the time, the educational and teaching processes have not been linked together. Education has usually been confined to a few sessions of political activity, to meetings during which the audience is briefed on current events, and to a few anniversary celebrations involving the display of billboards, banderoles, and slogans along with wired radio broadcasts. As for the remaining forms of education, their application has been "left to one's discretion." In answer to a poll conducted on the causes of lack of discipline, in addition to two expressed views that the cause is insufficient awareness on the part of individuals coupled with the effect of pernicious phenomena from the

outside world, another cause is, according to 6 percent of the responding students, loose management by school authorities. It seems that the concept of comprehensive education has not been thoroughly instilled in all school programs and tasks. Experiences in some socialist countries, such as the Soviet Union and Czechoslovakia, have demonstrated that along with the special teaching program formulated by each branch, there is a program or plan to provide comprehensive education for students during each school year and during the entire course of study with specific steps from low to high level. Such a plan is drawn upon the basis of a scientific prediction of the object and target of education, and also by taking into consideration the characteristics of each school. It is necessary to make this forecast by relying on accurate surveys of students, on judgments on the trend of their personality development, and on the missions to be carried out during a lengthy revolutionary stage. Scientific prediction about human beings is of great importance to the educational task. The "predictive" character of education or, as Soviet educator (Sukhomlinskiy) put it, the need for an "education designed to meet future prospects" is becoming an ever more objective, realistic, and deeply humane requirement.

To develop a materialist, scientific, and revolutionary world outlook is the most fundamental theme of communist education which must be instilled in all forms of education. Yet man's outlook on the world is a system embracing many interrelated components, the most important of which are knowledge, viewpoint, and belief. Because each component has a specific role and significance regarding both the entire system and the other components, it must be neither neglected nor eliminated. Nevertheless, belief is the most important factor and strongest motive which directly inspires and governs the nature and scope of human acts. The deeds, activities, and products of man are precisely the yardsticks to evaluate the effectiveness of education. Therefore, the essence and contents of our education system must be the endeavor to make the young generation believe in communism.

The knowledge imparted by our colleges to students has gone beyond the level of perceptual experiences and is advancing to the level of theoretical generalization. Over the years, we have tried gradually to make their knowledge deeper and keener, and to turn it step by step into an individualized viewpoint. But the path from knowledge and viewpoint to belief--the highest and most complex level of world outlook--is not without complexities. Realities of life have shown that positive and progressive deeds are not always in direct ratio to the volume of knowledge acquired, for students attending the last academic year do not necessarily have less shortcomings than freshmen. Clearly, only when there is unity between knowledge and aspirations and when knowledge has been permeated with the sentimental factor and has become intrinsic to the human being can these knowledges and viewpoints govern action and only then can such action have a high degree of self-awareness and bring about a good result. It is precisely this highly sentimental belief that has served as a basis and criterion for man to evaluate (with self-confidence) the world around him, and that has become a source of encouragement and orientation for his enthusiastic activities.

Instead of blindly relying on religious illusions, this belief is founded on assets composed of a progressive scientific knowledge and viewpoint accompanied by a practical experience of life. Some writers hold that the need for belief (the need to believe and to be trusted) is one of the most important spiritual needs of man. It follows that no disease is more dangerous and frightful to each individual than the "belief crisis." The following data will give an idea of the alarming situation. To the question "To basically solve the present difficulties and given the choice of two roads, do you think the road leading to socialist is the only one to follow?" which was put to students in 11 colleges, 22 percent of students in Hanoi and 15.5 percent of students in Ho Chi Minh City replied that they were undecided or that this road is not unique(!) It appears from the poll that only 46 percent of students believe in the possibility of surmounting the present difficult situation while the remainder is still perplexed or does not think so(!) (Footnote 3) (These figures are drawn from the survey titled "Actual Situation CTT2 among Students" and conducted in 1983 by the Communist Education Department of the College and Vocational Middle School Research Institute.)

In our subjective opinion, this phenomenon originates from many causes which include those acting from outside schools and also the spontaneous and profound effect of the multifaceted and complex relationships of students in their economic lives and social activities as well as their relationships with their own families and friends. We are speaking only of the causes lying within the school boundaries (and being, of course, relatively intramural). First and foremost, the students' belief has developed from the amount and quality of knowledge acquired but his knowledge itself is still confined to the level of abstract, bookish theories which often prove backward when confronted with realities. Most theoretical lectures are unrelated to the students' lives and do not boldly explain the sharp contradictions found in practice. Consequently, if man cannot yet by himself explain and solve the inner contradictions of the cognition process, his knowledge is purely and simply knowledge and does not yet reach the threshold of belief. Second, our theoretical lectures lack the necessary power to persuade students because these lectures have not been tested by realities, especially by schools--the nearest educational environment. Lenin once said: "Most men believe only in things which they have drawn from realities but not in books and empty words." (Footnote 4) (Lenin: "Complete Works," Vol 1, pp 20, 28) No matter how alluringly the teacher standing on the platform depicts the "collective ownership system" and "socialist democracy," the students will always feel they are merely "second-class citizens" who are neither respected nor trusted and who have naturally the right to doubt what they have learned. Sometimes and somewhere, in doing some specific tasks, we have forgotten the highly important educational principle on the need to associate great demands with respect for the personality of the object of education. The third cause which is worth considering is the frequently passive manner in which students assimilate knowledge. When learning, most students lack a critical way of thinking; instead, they only readily accept the teachers' explanations and fluently repeat them when submitting their examination papers (not to mention subjects on which neither seminars nor students'

debates have ever been held). A survey of the students' self-evaluation has revealed that only 19 percent of them have shown an enthusiastic attitude toward learning and participating in social activities. If, during the learning process, they do not try to assert themselves fully through scientific research activities and practice of professional skills, their belief will be very feeble because, as Lenin said, "without taking the initiative and making some effort, it is completely impossible to find the truth." (Footnote 5) (Lenin: "Complete Works," Vol 1, pp 20, 28) Our conscience and responsibilities as educators compel us to mention another extremely important cause which is the teachers' role which must be examined in its two aspects. First, the awareness, thoughts, sentiments, ethics, and lifestyle of teachers are not always consistent with the principles taught by them and, worse still, are sometimes diametrically opposed to these principles. Second, if the educators themselves are not yet convinced by theory and practice and do not yet believe firmly in what they teach, how can they inspire belief in the object of education? This will be felt immediately by our keen pupils and students during the process of debating and explaining subject matters and also through the teachers' attitude and sentiments. Though it is possible that our students do not yet believe in some things which are fully understood and cherished by their teachers, it is certain that they do not believe at all in the things which the teachers themselves do not fully believe. For this reason, our opinion is that "the educators must first be educated" (as Marx said) and that communist belief must be inspired right at the outset--that is, among the ranks of persons engaged in the educational task.

While debating our students' actual situation, we must pay attention to some problems. Man's belief in communism involves not only belief in the communist ideal but also belief in the process of realizing this ideal. In our opinion, the worries and hindrances inherent in the students' belief concentrate mainly on the struggle to realize this ideal as well as on the specific steps to be taken during this struggle. It is wrong to assert that our young students are skeptical about the communist ideal. In the heart of each Vietnamese, the fraternal socialist countries--especially the Soviet Union--have always symbolized and will always symbolize the apex of the dream about peace, happiness, justice, and altruism. On the other hand, in assessing, pointing out, and correcting deviations caused by such a decline in belief, it is also necessary to understand that they are noteworthy indications of personality development. When a man has reached a certain age and has acquired some scientific knowledge and experience of life, his belief will be built up with greater difficulty but with more stability. This belief will silently take shape and grow under real circumstances with definite objective, subjective, material, and moral prerequisites. Therefore, we believe that apart from the shortcomings in the students' training and endeavor, the responsibility for this actual situation lies mainly with us--the leaders and organizers of education.

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NGUYEN CO THACH ADMITS TO ECONOMIC MISTAKES

Stockholm SVENSKA DAGBLADET 2 Apr 87 p 5

[Article by Tom Hansson: "Ordinary Wages Don't Go Far. My Husband And I Work Extra Jobs"]

[Text] The afternoon rain splashes the thousands of Vietnamese bicycling along the streets of Hanoi. En route from one job to another.

"After I leave my job at the textile factory I have to go to the market to buy some fish. Then I go home, see to it that the children have their meal and then it's time for my next job. It's the same for my husband. He usually doesn't not get home much before nine thirty at night."

Le Thi Phuc has stopped to do her shopping at the market in Gia Ngu. She has finished eight hours of work at the factory and her two children are at home waiting for their food. After that starts the job of washing, drying and packing the plastic bags that the family collects and sells.

Salary Not Sufficient

Like most average Vietnamese, Phuc has a job which does not support her and her family. The 875 dong paid by the factory every month do not go far. It is true that the rent for the cramped two-room apartment is low, but, like all of Phuc's friends, the family has to manage in the grey zone of the Vietnamese double economy.

"There are five people living in the apartment. My mother takes care of the children while I work with the plastic bags in the evening. Anh, my husband, earns extra money by carrying steel pipes on a bicycle cart between a workshop and a warehouse."

Like all those, who are employed by the state, Phuc gets some subsidies. But they only provide a limited part of the basic necessities. Their own small vegetable garden and some chickens provide some additional help. Everything else, however, must be purchased at the considerably higher market prices.

She can buy 13 kilos of rice per month at a price of four dong, but if she needs more, it will cost her 40 dong per kilo. The best quality rice might cost up to 80 dong at the market.

"Last winter, during the worst cold, I went to buy a new sweater for my smallest child. It cost over 400 dong, that's almost half my salary," says Phuc.

A tour of the state-owned warehouse in Pho Hang Bai is enough for an insight into the difficulties. 52 dong for a bag of caramels, 1,400 for a man's shirt. A winter coat commands the enormous price of 6,000 dong.

Depressing Year

1986 was an especially depressing year for the country's already depressed economy, a fact that hit every Vietnamese. The inflation reached 700 percent and the continually eroded wages, in their turn, have led to poor work discipline and widespread cheating. The problem exists in the highest degree even within the Communist Party's own ranks, and it is said that there will be purges of "unsuitable members" during the spring.

"The fact that there is cheating high up in the party ranks is a sign of how serious the situation is. More money and consumer goods are the only things that can improve the situation," says a Vietnamese government official.

Today there are more products on the store shelves than a year ago. The supply and the quality are poor, but people are not starving and there are few beggars. In central Vietnam, once hard hit by the war, the situation is more serious.

Life is difficult for the close to three million people living in the capital which is in disrepair from the war, the climate, and mismanagement. A city where the pale-yellow stonehouses bear witness to how it once was during the French colonial times.

The party convention in December of 1986 meant--at least on the surface--an important breach of style as far as domestic policy is concerned. New people, among them several so-called friends of reform, were elected to the party leadership. Nguyen Van Linh became the new party leader.

A few months later it was the ministers' turn. Ministries were consolidated and new persons took charge. Even here the friends of reform received preference.

Concentration On Export

Increased agricultural production, more consumer goods and a concentration on export are the three main goals for the latest five-year plan which lasts until 1990. In order to accomplish an increased food production, the transfer of people to the new so-called economic zones will continue. Since 1976, three million have been transferred to such zones, mainly from the delta areas.

However, the food supply carries on an uneven fight with the population increase. The 57 million inhabitants of Vietnam increase by more than two percent annually and so far only modest results have been reached by the family planning program.

It is worst for the women. The statutory equality is of little consequence in reality. The women often perform heavy work--both in agriculture and in industry. There are a few women on the Central Committee, and the last female minister--the Minister of Education, Nguyen Thi Binh--disappeared at the last reshuffle.

"How can I find the time to think of politics? When I come home from work I have to do the cooking, take care of the children and my extra job. It is possible that reforms are good, but when my husband tries to tell me what he reads in the paper, I don't have the energy to listen," says 43-year old Pham Thi Phuong, who sells clothes in a small shop in Pho Hang Be.

Uncertain Activity

The fact that the government has passed a law about support for family businesses is seen by many as evidence that it has finally been forced to accept the fact that people in general are supporting themselves in this very manner. Many people also hope that the law will set free a slumbering economic capacity.

"The police used to come here and tell me that I was not allowed to sell," says Phuong. "During the past year it has become easier, but there is still a feeling of uncertainty. You don't know whom to trust."

Economic reforms and "management" have become the fashionable words at the ministries. They are repeated like religious incantations, as if the repetition alone would be sufficient.

"We have had to pay a high price for the great mistakes we have made. That is a hard thing to admit, but we are on the right road with the reforms," says the very influential vice premier and head of the State Planning Commission, Vo Van Kiet.

"Too Romantic"

"We were too romantic and had no respect for the rigid laws of the economy. That was the greatest mistake. The second mistake was that we were all going to be paid equally."

This was said by the Vietnamese Foreign Minister Nguyen Co Thach, as usual more eloquent than his colleagues. At the same time he explains: "After the last party convention people have more trust in the party and in Socialism."

Is there not the risk for ending up in the same cul-de-sac as China did after a time of economic experiments? When the political doctrines collide with the market forces that are being played with.

"We have Socialism and we know who our friends are. China has changed it's friends on four occasions," says Thach and feels that that explains everything.

Vietnam has verbally joined both the Chinese as well as the Soviet economic reform club. After a tour of Hanoi, however, one is convinced that the ideas still have not strayed very far from the convention building.

Along the railroad at Pho Phung Hung there are rows of paper rolls from the Swedish paper mill Bai Bang. The rain pours down and neither tin roofs nor plastic covers are able to protect the expensive rolls completely.

In the late evening hour, some young men gaze longingly through a display window at rows of Soviet wristwatches for between three and four thousand dong. They don't even look at the three Japanese watches on a separate shelf. The least expensive costs twelve thousand dong.

For a long time to come, it will be the Soviet lifebelt that keeps Vietnam above the surface.

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ACUTE PROBLEMS IN VIETNAM DISCUSSED

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 8, 9, 10 Apr 87

[Article by Georgiy Dadyants: "Acute Problems of Vietnam"; first paragraph is source introduction]

[8 Apr 87 p 3]

[Text] Hanoi--Moscow--The journey to Vietnam has already ended. Three hours ago the IL-86 took off from the runway of the Tan Son Nhat Airport at Ho Chi Minh City and at the moment the night lights of Calcutta are visible. The land below resembles the black southern sky in which first magnitude constellations are twinkling. The sand banks of the Mekong Delta and the palm groves of Song Be, the grey buffalos which leisurely cross the roads in the north and the breadfruit and coconut trees along roads in the south have all been left behind. Vietnam lies far behind not only for me but also for hundreds of Soviet specialists --builders, installers and oil workers, all of whom spent several years in this country furnishing assistance to this fraternal nation in creating and building a new socialist life.

1. Three Key Programs

Fifteen hours of flight time still remain ahead and thus time is available for reflecting upon what was seen and heard. Conflicting reflections on life itself in the SRV [Socialist Republic of Vietnam] as it passes through a complicated transitional period in its development.

Throughout all of the post-war years, Vietnam has for us been a symbol of stability, courage and heroism -- heroism of a nation which initially fought for its national freedom and subsequently for reunification of the country into a single socialist state.

During the 1950's, a new name was added to the international political dictionary -- Dien Bien Phu -- a symbol for the defeat of the French colonists in Indochina. But in Southern Vietnam, with the aid of the Americans, the marionette regime of the dictator Thieu was established. A bloody and cruel war was unleashed against the Vietnamese people, a war which claimed two million human lives. Twice as many explosives rained down upon the villages and cities of the DRV than were exploded throughout all of Europe during the

years of World War II. In addition to being the bloodiest war of American imperialism, Vietnam also became America's disgrace. Similar to the French, the Americans were forced to abandon this country, leaving behind a land scorched by napalm.

It is for good reason that I recall the 30 years of this continuous war -- failure to do so would make it impossible to understand what is taking place in Vietnam today. The wounds inflicted upon the Vietnamese people by the war have not yet been healed completely. Almost all of the people whom I met during this period participated in the conflict in one way or another. I shook hands with people who were missing fingers. But the war left an even greater imprint on the souls of the people.

A unified and free Vietnam has existed now for 11 years. But are we not being carried away by its successes in socialist construction? We are aware of the gigantic construction projects which have been launched throughout the country and we have read about the harmonious work being carried out by the Vietnam and Soviet builders and miners attached to the Kaoshon Mining Complex, how the modern equipment supplied by the USSR is cutting through the rock at Khoabin and which collectives are leading the socialist competition at the Chian GES [hydroelectric power station].

During the 6th Congress of the KPV [Communist Party of Vietnam], an objective analysis was provided on the successes achieved and, as well, the serious shortcomings and miscalculations tolerated over the past 5 years were uncovered. In the final analysis, these shortcomings and miscalculations brought about a destabilization of the socio-economic situation and the country's standard of living. Many of us were not prepared for the sharp evaluations furnished during the congress. Once again, it will serve to teach us a lesson -- to never deviate from the truth when reflecting the true processes taking place throughout the world, including in fraternal countries and never to paint over reality in the interest of concealing its unseemly side.

The Vietnam comrades whom I encountered asked me to tell the truth about what I saw and heard in their country and not to embellish their successes or conceal their obvious operational shortcomings. It is their belief that following the 27th CPSU Congress and the 6th Congress of the KPV, the party journalists should act precisely in this manner.

In the mornings, a continuous flow of bicycle riders moves alongside Lake Tuen Kuang in Hanoi. The men wear hats made out of pressed leaves and fabric and the women -- cone-shaped yellow hats made out of rice straw. At times, it appears that the bicycle riders are leisurely circling the lake and in an unhurried manner.

These are workers at Hanoi enterprises and state employees on their way to work.

The Vietnam comrades maintain that the monetary reform of 1985 did not improve the country's situation but, to the contrary, it promoted even greater growth in inflation and hence a devaluation of the national currency -- the dong. A

pay raise carried out some time later failed to restore its purchasing power. The prices in this country, where in addition to the state market there is also a free market, continue to increase. The supply norms for firm prices are very low. Food must be bought on the free market where the prices are ten times higher than the state prices.

What is the answer to this problem when the wages and the ration are sufficient for only 10 days? Many are managing a natural economy; they are raising chickens and other barnyard animals, a portion of which they sell at market, with the remainder -- the surplus (if there is one) -- being issued on the basis of rice cards.

All of the above serves to confirm clearly the conclusions drawn during the 6th Congress concerning the existence in the country of a serious disproportion between supply and demand and also the inability of state industry to supply the population with the goods needed.

I was in Vietnam as a guest of the newspaper NHAN DAN and, naturally, we discussed the country's economic situation with its chief editor Ha Dong and also with members of the newspaper's editorial board.

"We are advancing towards socialism from a very low point" I was informed by the head of the Economics Department Huu Tho, "And we find ourselves only at the beginning of this movement. We are producing only 80 kilowatts of electric power per capita, 90 kilograms of coal and 1 kilogram of steel. Our standard of living is still very low. Industry is only weakly developed. Over the past two five-year plans, we invested 80 percent of our capital investments in industry, but we were unable to solve the problem of producing goods for the nation. Our return from agriculture is extremely low. Write about these facts."

The Vietnam comrades believe that their worst mistake in recent years has been the program aimed at accelerating industrialization, despite the absence of the necessary prerequisites. Reliance was placed upon the construction of large-scale installations and not upon a radical solution for the food problem and the production of consumer goods. The required amount of attention was not given to developing agriculture and renovation of the economic control mechanism remaining after the war years was carried out in a sluggish manner. Foreign assistance was employed in a very inefficient manner. A desire was present to eliminate immediately non-socialist leanings and to transform the private-capitalist economy into a state economy. It was stated during the 6th Congress that this could not be carried out quickly if the true conditions and potential were not taken into account.

In order to create the political, economic and social prerequisites needed for socialist industrialization on a broad scale, the socio-economic situation had to be stabilized first of all and the people had to be dressed and fed. Three key programs are now being advanced -- food, production of consumer goods and increased exports.

"We resolved" stated Huu Tho, "to assign 60 percent of all capital investments for solving these three principal tasks, to reduce by one fourth

the number of new installations and to halt certain construction projects -- work on the construction of 100 installations has already been terminated. Other installations, particularly those being built with USSR assistance, must be erected more rapidly. If we made better use of Soviet assistance, our standard of living would be better. Following 30 years of war, our people deserve a better standard of living. This is our most important task at the present time."

Specifically, what has been accomplished since the 6th Congress with regard to stabilizing the country's situation? How is the new administrative system being developed? How is the principle of self-control for enterprises, as proclaimed during the congress, functioning? How are the various aspects of the Vietnam economy -- particularly those which affect exports -- interacting during the reorganization? What new forms of collaboration with the USSR appear to be most promising for our Vietnamese comrades? Finally, what can we do in the Soviet Union to raise the effectiveness of the assistance being furnished to Vietnam?

I wished to find answers to these and other questions during my trip to Vietnam.

[9 Apr 87 p 3]

[Text] Hanoi--Ho Chi Minh City--Moscow--Along both sides of the road are rice fields and the plains of Hashon Binh Province. Impoverished villages are concealed under dusty subtropic vegetation, their roofs covered with dry palm leaves. Bicycles and hand-drawn carts are being used for transporting bamboo, sugar cane and neatly stacked piles of wood. Heavy wicker baskets loaded with at times with vegetables, cement or bricks hang from bamboo poles in the manner of pails from yokes. But the flat landscape changes and a row of green cliffs and sand pits appears on the horizon; the rice fields intersect high voltage power lines.

2. A Dam On the Black River

It is hardly necessary to describe Hoa Binh in detail -- our correspondents in Vietnam have already described this gigantic construction project dozens of times. Instead of wasting time, we should instead search for the chief of construction Ngo Suan Lok or hold a discussion with our assistant chief expert Igor Bachillo.

"It should be stated that we find ourselves here under specific conditions. At this hydraulic development, there can be no simple solutions. The construction project is very interesting but complicated. The canyon and gorge is narrow. This imposes high requirements with regard to building the dam proper and also the carrying out of earthen and concrete work. Indeed the stream is not called black because of its color, but rather because of its vicious nature. During high water periods in the summer, it has overran its banks on many occasions and flooded the plains and fields and even Hanoi itself. We are presently making preparations for the June flooding. This requires the carrying out of a tremendous complex of operations, raising the dam by another 55 meters and positioning approximately 4.5 cubic meters of

rock and loamy soil, so as to eliminate fully the possibility of water leaking through the dam and be able to direct the flooding through the earthen dam over the spillway."

In addition to being the largest GES [hydroelectric power plant] in southeast Asia and generating approximately 10 billion kilowatt-hours of electric power annually, Hoa Binh also provides assistance in the campaign against flooding, in carrying out irrigation work and in ensuring uninterrupted navigation along the Black and Red rivers.

In the decisions handed down during the 6th Congress of the KPB [Communist Party of Vietnam], priority importance was attached to power engineering. Certainly, in the absence of power engineering it would be impossible to solve the three key tasks. Hoa Binh in the north and Chian in the south supply practically all of the energy resources of Vietnam. But in addition to these gigantic undertakings, our friends also wish to build small hydroelectric power stations for mountain rivers.

Is Hoa Binh being built too slowly?

"Perhaps it could be built more rapidly and yet the installation is extremely complicated from both an engineering and construction standpoint. In past years, interruptions in the planned schedule were tolerated. At the present time, if the first phase of the GES is to be introduced into operations on schedule -- in the middle of next year -- up to 15,000 cubic meters of rock must be extracted. Hence, we are confronted by a second task -- accelerating operations in the underground complex of tunnel and rock workings. Although it is difficult work, the reorganization is already producing fruitful results. The problem of quality is being discussed and improvements are being carried out in production discipline, which leaves a great deal to be desired, and also in equipment productivity. Although up until now the work has concerned the excavating and concreting of arches, installation work has now commenced. It bears mentioning that the Vietnam comrades understand well the situation that has developed. All Vietnam is helping us."

The chief Soviet expert at Hoa Binh, Pavel Bogachenko, insists that the builders will meet their planned schedule -- the GES must furnish its first current in the middle of next year and it will do so.

"We experienced difficulties in connection with deliveries of reinforced steel, but the situation is improving at the present time. However, difficulties still persist in the form of shortages in the spare parts required for equipment. A number of organizations are guilty of failing to supply the needed materials: Minenergo [Ministry of Power and Electrification], Minselkhoz mash [Ministry of Tractor and Agricultural Machine Building], Mintyazh mash [Ministry of Heavy and Transport Machine Building] and other departments. We lack specialists -- there is a great need for installers and highly skilled welders and yet more often than not we are being supplied with apprentices. Our equipment is complicated, especially that used for underground work, and we also have problems with the Vietnamese personnel."

At the present time, we have 800 Soviet specialists and 35,000 Vietnam workers at Hoa Binh. Many of the builders at Hoa Binh today were peasants in Hashon Binh Province yesterday. Thus another problem is being solved at the construction project -- the formation of a modern Vietnamese working class.

And what about the social problems? It can be stated directly that adequate thought has still not been given to these matters. A small town was built for our specialists and still another one for the Vietnamese workers. But this latter town cannot accommodate 35,000 residents and just as in the past there is a housing shortage.

At the present time, following the 6th Congress of the KPV, greater attention is being given to the social sphere at Hoa Binh. Construction work is underway on a school for 200 children and on a polyclinic for Vietnamese workers. Workers from neighboring regions are brought to the construction project aboard autobuses and builders engaged in underground work -- there are roughly 12,000 of them -- are provided with dinners free of charge.

The chief engineer and future director of the entire complex, Comrade (Bui Khuc Khiet), related the following to me as we inspected the dam together:

"Great importance is being attached to Hoa Binh. It is a special construction project. Certainly, only three months have passed since the 6th Congress and thus it is still too early to discuss great improvements. Nevertheless, improvements are in fact being noted in some areas. Our construction trusts are converting over to cost accounting procedures. We are employing the brigade contract. All work is being paid for on a piece-rate basis. That work which was earlier completed in three months, we are now completing in just 20 days.

As I stand with Comrade (Khiet) at the so-called 121st marker of the runoff, the 740 meter high crest of the dam is clearly visible.

How does Comrade (Khiet) evaluate the work being performed by the Soviet specialists?

"The Soviet specialists, from a brigade to the administration, are working day and night. They work under difficult conditions and they always set a fine example for our people. We have learned much from them. Never before have we had a construction project of this scale and it can be stated quite frankly that without the Soviet specialists we would be unable to control this project."

Nothing in life changes as if by magic. The small villages in Hashon Binh Province will not be replaced all at once by multiple-story comfortable homes. But Hoa Binh and the dam on the Black River serve as a guarantee that this will take place in the future.

3. Saigon Within Ho Chi Minh City

It is already 1900 hours and the daily 30 degrees of heat have abated somewhat. Thus, we walk along the streets of Ho Chi Minh City.

The illumination is rather weak as efforts are made to conserve in the use of electricity. But along the way small kerosene lamps, similar to icon lamps, are turned on. These belong to cigarette salesmen who offer their goods to passers-by. American and English cigarettes of various types are neatly stacked inside a small glass box mounted on wheels -- a mobile showcase. The salesmen sit on collapsible chairs as they await the arrival of their customers with money in hand.

Where do these American cigarettes come from? I asked this question while still in Hanoi, at a time when we were inspecting the "silk" street -- (Hang Dao) -- where private trade is concentrated for the most part in the capital. It was then I noticed that even our toothpaste was being sold in the shops along with American cigarettes and soap from Thailand. But that was an exception in Hanoi, whereas here in Ho Chi Minh City it is the rule. On each corner, the lights of private shops and stores gleam invitingly. In the evenings the sales take place mostly in jewelry shops and also in stores where the products of skilled craftsmen are sold -- paintings, lacquered screens, china elephants and vases of various shapes and sizes. Obviously, the prices are private rather than state prices. I was somewhat surprised when I discovered that the operator of a jewelry shop was a waitress who had served us dinner in a hotel.

Saigon, which lives on in Ho Chi Minh City, springs to life in the evenings. However, it bears mentioning that it does not doze during the day.

For proof of this, one only has to walk along Le Loy Street to the well known Saigon Benhan Market. Everything is available here in the private shops! Japanese tape recorders made in South Korea, Swiss watches produced in Hong Kong and French perfumes processed by local Chinese craftsmen. The market itself is also rather picturesque. Only a very experienced expert can distinguish a fake from a genuine article.

At the Benhan Market, I pondered the phenomenon of private trade or the "black market." It appears as an appeal which abandons capitalism to the as yet weak socialist state. For example, there are entire rows of diverse types of footwear -- for the most whimsical taste and for different prices -- from 5 to 200 dongs. And alongside there is a state kiosk where the selection is considerable more modest.

I wished to purchase a "non" hat as a souvenir. We wandered at length among the counters in the state sector where these hats were being sold for 40 dongs apiece. But nearby were enterprising private tradesmen who were selling the same hats, albeit they were better made and had colorful designs inside. I can only state that I ignored the state sector and purchased a "non" for 200 dongs.

In the decisions handed down during the 6th congress, it is stated that private-capitalist trade must be eliminated and yet rash actions must not be undertaken in defiance of economic laws.

However, we are nevertheless giving some thought to the question of just how the cigarette salesmen are procuring their American products. One journalist from Ho Chi Minh City told me that the goods are being received from Vietnamese emigrants who are sending packages to their relatives. According to this journalist, there are up to 200,000 such families in Vietnam receiving these packages. This represents one source for the foreign goods which are flooding the Saigon market and reaching Hanoi, Haiphong and other cities throughout the country. There is still another source -- direct contraband -- which, as was noted during the congress, has still not been eliminated.

Does the contraband coming in from Thailand, Hong Kong or South Korea amount to anything more than hunger for profit? It is my opinion that it does. A glance at some traders at the Benhan Market creates the impression that it does not matter to them whether or not they sell the goods. Distinct from tradesmen at other eastern markets, they view the customers with indifference and do not coax them or tug at their sleeves. There is good reason for this. They have other plans -- to undermine the economy and compromise the socialist sector. The competition is still unequal -- on the one hand, the country is exhausted by 30 years of warfare and, on the other, there is the bold, insidious and cunning enemy.

Certain data which I became acquainted with in Ho Chi Minh City was certainly alarming to say the least. Whereas two years ago the state and a mixed sector constituted approximately 8 percent of the city's economy, the cooperative sector -- up to 75 and the private sector -- up to 17 percent, today the proportion has changed somewhat. True, the state sector has increased to 13 percent, but on the other hand the cooperative sector has declined to 60 and the private sector unfortunately has increased to 27 percent.

The existence of the old Saigon within the new Ho Chi Minh City is a serious economic problem for all Vietnam. One important social and political question is just how the tenor of life in Ho Chi Minh City will develop in the future.

Once again we are examining the interaction of different economic aspects in the Vietnam economy and at the present time we are returning once again to the evening streets of Ho Chi Minh City.

In addition to private shops which one day will be eliminated, old Saigon also includes picturesque small restaurants situated on the sidewalks. Each such restaurant consists of a dining table with a brazier for cooking tasty shashliks and a pot for making appetizing soups. Here one may sit down on a low stool and enjoy a tasty and inexpensive snack. It is in Ho Chi Minh City that one can see large trees growing on the roofs of five-story homes.

Finally, one main consideration must not be overlooked: today more than 45 percent of the country's entire industrial production is being produced in Ho Chi Minh City.

The Mekong embankment appears white in the black night -- here there are many young couples in white shirts and blouses. They sit on their bicycles and draw closer to each other. They are the new citizens of the new Vietnam who were born in Saigon but who will live in Ho Chi Minh City.

[Text] Bien-Hoa--Ho Chi Minh City--Moscow--When building their military roads in South Vietnam, the Americans scarcely thought that they would be used by Soviet journalists. But it can be said that they built fine roads. Bien Hoa is the chief city of Dongnai Province, one of the most picturesque and blessed by nature provinces of Vietnam. Here there are plains, mountains, a sea border, canals and, finally, the beautiful and deep Dongnai River. Roughly 50,000 hectares are occupied by rubber plantations, 10,000 -- bananas and 5,000 hectares -- by coffee plantations. Here there are also soybeans, sugarcane, coconut palms, wonderful grapefruit and other exotic fruit, the names of which have still not been translated into the Russian language. This is truly a blessed region. It is easy to understand why in recent years many people have migrated here from North Vietnam. According to a Vietnam proverb, "birds fly in to a good land."

4. To Transform for the Purpose of Using

However, Dongnai is primarily a large-scale industrial region. It is here that a large number of traditional branches of industry, including domestic crafts, is concentrated.

The Americans, under the assumption that they would remain for a long period of time in Vietnam, created an industrial zone with a concentration of up to 90 plants at Bien Hoa. Many of them are still operating today, albeit at half strength. I was informed in Hanoi that a number of enterprises are not only satisfying their own requirements but also producing goods for export. Over the past five-year plan, the rates of industrial growth in the province reached 15.6 percent and in the domestic industry -- 8 percent.

In the Bien Hoa Municipal Party Committee, we met with the city's party and economic leaders and also with representatives of the Vietnam-Soviet Friendship Society. In Dongnai, just as everywhere throughout Vietnam, thought is being devoted at the present time to implementing the decisions handed down during the 6th KPV [Communist Party of Vietnam] Congress and particularly to changing the administrative structure for the economy, raising labor productivity, providing the enterprises with greater independence and to carrying out the three key tasks established during the congress.

"Even prior to the congress, we commenced and are now continuing to carry out changes in the administrative structure" stated the 1st secretary of the municipal committee Comrade (Le Viet Nhan), "We resolved to reduce the size of the staff. We are devoting special attention to personnel selection and placement. We are looking towards the youth and yet at the same time we are drawing upon the experience of the older generation. There are some who had to be replaced. Following the 6th Congress, we began implementing the decree of the Politburo and Council of Ministers concerned with expanding the rights of enterprises. Over the past 6 months, we granted 4 enterprises the right to self-financing. Successes have already been achieved and yet many problems still remain. Fourteen enterprises have been created in the city and they are

all necessarily competing against private trade. Included among them is wood-working production, a textile factory, a porcelain plant and a plant for the production of domestic appliances."

"Actually, our administrative system is still rather complicated" explained (Nguyen Than Hoa), a member of the province's executive committee, whose responsibility is industry, "One economic region administers six ministries and, in addition, the province and 41 enterprises are controlled by us at the center, 24 enterprises by the province and 14 by the city. Thus the departmental system continues."

"We have only started the renovation process" added the 2d secretary of the municipal committee (Nguyen Van A.), "The old has not yet died and the new is only now being born." We are aware that the bureaucratic system for administering the economy must be changed. We are presently conducting a seminar on administration for 50 directors of enterprises throughout the province and in Ho Chi Minh City. Yes, the independence of enterprises is increasing. But the leading role being played by the party is also increasing. Here, in Dongnai Province, there were only 5,000 workers at the time of liberation and today there are 17,000. We have 51 party organizations and 1,000 communists in the industrial region. Over the past 4 years, 283 individuals were accepted into the party. There are youth, womens' and trade union organizations at all of the enterprises. They are all participating actively in the reorganization work. The process of renewed thought has been underway since the 6th Congress. The province has tremendous potential. Soon the Chian GES [hydroelectric power station] will commence furnishing current and we will begin building petroleum refining enterprises. But there are shortages in capital investments, equipment and raw materials. The state is providing us with only 30 percent of the raw materials needed and we must ourselves supply the remainder.

Following a discussion in the municipal committee, we inspected an enterprise created in the "industrial zone" by the Americans. Along with eight other plants, the Vikaza Metallurgical Enterprise is included in the Metallurgical Association of South Vietnam. At four of them, including at the Vikaz plant, steel is being smelted. Here we have in mind mainly the remelting of scrap metal. I was informed by the plant's director, (Nguyen Thoang Chi), that 18,700 tons of steel were produced at the Vikaz plant in 1986. This amounted to 50 percent of all of the steel produced in South Vietnam. The plant employs 950 workers. Unfortunately, its equipment arrangement is incomplete; there is only one old American steel-making furnace for three rolling mills. Thus it turns out that the plant is busy 15 days each month and lies idle for the remaining 15 days. Chi is awaiting with impatience the arrival of a new furnace from the Soviet Union.

"Have any changes taken place since the congress?" the director repeated my question, "Frankly speaking, such changes have taken place only on paper. The enterprise still has not been authorized to handle its own finances -- all work is being carried out by the 'Metallurgical Association of the South'."

It is unfortunate that the rolling mills of the Vikaz enterprise are still standing idle. But on the other hand one is pleased by the fact that the former Japanese Sano plant is located nearby; here the Vietronik Firm is operating at full capability! It is a modern and wonderfully equipped enterprise that operates entirely on the basis of cost accounting and self-financing principles. The plant produces or, more exactly, assembles color television sets, record players, transistor radios and video tape recorders. The parts are purchased in Japan and South Korea using freely convertible currency and the products are sold on the international market, with part of the currency earned going to the state and part to the plant's savings fund. A portion of the output is sold on the internal market in order to pay the workers for their labor.

Together with the plant's director, Nguyen Suan Moy, we toured the bright and spacious departments. In all, there were 210 individuals working at the plant, mainly young women. They perform in a neat and accurate manner as they solder together the complicated transistor circuits. Twenty five workers produce 200 transistor radios daily, each bearing the brand name "Vietronik." Nguyen Suan Moy has great plans. The enterprise is presently engaged in creating Vietnam's own tape recorder -- 60 percent of the parts in it will be domestically produced. Work has started on the production of stereo record players, the parts for which are being obtained from Czechoslovakia. The brand name will be the same -- "Vietronik." They would like to purchase parts for television sets from the USSR.

In all probability, our familiarity with the industrial potential of Dongnai Province would have been incomplete had we not visited on the same day a porcelain plant officially known as "Koooperatsiya Tyen Fong." Here, under very unpretentious conditions and actually outdoors, remarkable works of art are being created from clay for exporting to various countries throughout the world.

Can you describe the "Koooperatsiya Tyen Fong" plant, the foundation for all of the region's porcelain industry?

It was formed on the basis of a rural commune. The capital was created by the porcelain works of experts and workers -- there were 160 of them in all. The products of the cooperative -- porcelain vases, ceramic elephants and other items -- are sold to the state. The state pays for the products partially in raw materials and partially in money that is used to pay the wages of the experts, artists and workers. Does the enterprise have any problems?

"There is a problem with the raw materials" stated the chairman of the cooperative Fan Vang An, "The state is making good on only 15 percent of its obligations to the cooperative. Thus the raw materials must be purchased on the side at contractual prices."

Unfortunately, it becomes necessary to sell a portion of the output on the free market.

Subsequently, in the neighboring province of Song Be, I happened to visit two more domestic industry enterprises -- the Dong Tam Lacquer Enterprise and the Min-Long-1 Cooperative, which for all practical purposes is a private enterprise.

The Dong Tam Lacquer Enterprise, which produces remarkable lacquer paintings, vases and breadwood tree screens decorated with mother-of-pearl, was at first a cooperative but later became a state enterprise. As explained to me by the director, Nguyen Khyu Chay, this occurred because it was easier to make contact with other enterprises, to purchase raw materials, to obtain capital investments and to improve the quality and quantity of the goods. It is also known as a family enterprise, despite the fact that only 20 of the 60 cooperative workers are members of the same family. The remaining workers are hired laborers who are paid wages by the chairman of the cooperative (or more accurately its owner) Li Ngok Min. A link exists here with the state only in the sense that the enterprise produces goods for the state and obtains a portion of the raw materials needed for producing porcelain from the state.

Although we are discussing basically different economic aspects, the problems of the state Dong Tam Lacquer Enterprise and the private Li Ngok Min Cooperative are roughly the same. A plan is made available to the lacquer plant by the state and yet in order for it to be carried out work must be performed on the basis of a second plan -- so as to ensure adequate raw materials, obtain profit and be able to pay the wages for the workers. The Li Ngok Min Porcelain Cooperative must also purchase cement and other raw materials on the market.

There can be no doubt but that the Min Long-1 Cooperative produces outstanding products. At the 1985 fair in Bulgaria, it earned six gold and three silver medals and at Hanoi in 1986 -- six gold and three silver medals.

But medals are neither steel or cement, nor can they be used for making porcelain.

"If at all possible" I was told upon departing the Li Ngok Min Cooperative, "we would very much like to sell our products in the USSR and also be able to purchase raw materials in your country, particularly chemical materials suitable for production, steel and cement. We also need furnaces for modernization purposes, in the interest of raising operations to the modern level."

When inspecting the Li Ngok Min enterprise, we saw an entire stack of Soviet produced slate -- Min acquired it on the free market.

All of these examples enable one to see clearly how these various aspects of the economy -- state, cooperative and private -- interact with one another.

The co-existence of various economic aspects, to include even a combined state-private enterprise, is a typical feature of the beginning stage of the transitional period that Vietnam is going through. However, as emphasized during the 6th KPV Congress, the presence of the small scale commodity

production and private capital sectors advances the task of combating the spontaneous development of capitalism and strengthening the socialist economy.

Different types of birds are flying into South Vietnam today. Thus more urgency is being attached to the slogan advanced during the congress: "To use for the purpose of transforming and to transform for the purpose of using."

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